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Item 3 of the provisional agenda

Programme and Budget Committee

Nineteenth session
Vienna, 28-30 April 2003
Item 3 of the provisional agenda

INTERIM REPORT OF THE EXTERNAL AUDITOR, FINANCIAL PERFORMANCE REPORT AND PROGRAMME PERFORMANCE REPORT FOR THE BIENNIUM 2002-2003

Interim financial performance report for the biennium 2002-2003

Submitted by the Director-General

Itemizes the utilization of financial resources during the period 1 January – 31 December 2002 in accordance with Programme and Budget Committee conclusion 1987/19.

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Introduction

1. In its conclusion 1987/19, paragraph (j), the Programme and Budget Committee requested the Director-General to submit each year to the Industrial Development Board through the Committee a clear and detailed financial performance report itemizing the utilization of financial resources.

2. The present financial report covers the period 1 January – 31 December 2002 and is based on the appropriations contained in the programme and budgets 2002-2003, as adopted by the General Conference at its ninth session (decision GC.9/Dec.17).

I. FINANCIAL STATEMENTS FOR THE 12-MONTH PERIOD OF THE BIENNIUM 2002-2003 ENDED 31 DECEMBER 2002

Certification of financial statements

Director-General's responsibility

The Director-General of the United Nations Industrial Development Organization is responsible for the preparation and integrity of the financial statements. These statements have been prepared in accordance with the United Nations System Accounting Standards and the Article X of the Financial Regulations of UNIDO and include certain amounts that are based on management's best estimates and judgements. Financial information used elsewhere is consistent with that in the financial statements. Management considers that the statements present fairly the financial position of the Organization and of funds held in trust by it, the results of their operations and the changes in their financial position.

To fulfil its responsibility, the Organization maintains systems of internal accounting controls, policies and procedures to ensure the reliability of financial information and the safeguarding of assets. The internal control systems and financial records are subject to reviews by the Internal Oversight Group and the External Auditor during their respective audits.

The following appended financial statements, comprising Statements I to IV, relevant Schedules and supporting notes, were properly prepared in accordance with the United Nations System Accounting Standards and the Article X of the Financial Regulations of UNIDO.

Sajjad Ajmal
Director and Treasurer
Financial Services Branch

Carlos A. Magariños
Director-General

Statement I

STATEMENT OF INCOME AND EXPENDITURE AND CHANGES IN RESERVES AND FUND BALANCES
for the year ended 31 December 2002

(In thousands of euros)

Heading	General Fund and Working Capital Fund (Note or schedule no. 2)		Other Headquarters funds (Note or schedule no. 3)		Technical cooperation (Note or schedule no. 4)		Eliminations (Note no. 2t)	Total 2002	Total 2000
INCOME									
Assessed contributions	66,844.9	*(a)*						66,844.9	67,324.2
Voluntary contributions	424.4		343.5	*(c)*	86,779.4			87,547.3	63,108.7
OTHER INCOME									
Revenue-producing activities	38.2	*(b)*	9,483.8					9,522.0	79.1
Funds under inter-organization arrangements					10,461.7			10,461.7	12,029.1
Jointly-financed activities			17,191.0				(2,736.8)	14,454.2	11,455.9
Income for services rendered			689.2					689.2	10,323.6
Interest income	800.0	*(c)*	143.4		978.2	*(e,f)*		1,921.6	3,297.8
Currency exchange adjustments	80.3		(744.3)	*(d)*	1,081.8	*(g)*		417.8	(4,514.0)
Miscellaneous income	776.2	*(d)*	16.5		(8.7)			784.0	401.8
TOTAL INCOME	68,964.0		27,123.1		99,292.4		(2,736.8)	192,642.7	163,506.2
EXPENDITURE									
Salaries and common staff costs	43,106.4	*(e)*	15,628.0		30,240.6		1,281.3	90,256.3	88,548.4
Operating costs and contractual services	12,448.4		8,585.0		30,816.7		(2,008.9)	49,841.2	48,338.1
Acquisitions					16,418.2		407.2	16,825.4	13,794.9
Fellowships					3,747.0		256.5	4,003.5	5,597.5
RPTC and IDDA supplementary activities	4,985.8	*(f)*					(2,672.9)	2,312.9	
Programme support costs			25.9		9,201.3			9,227.2	9,505.9
TOTAL EXPENDITURE	60,540.6		24,238.9		90,423.8		(2,736.8)	172,466.5	165,784.8
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	8,423.4		2,884.2		8,868.6		0.0	20,176.2	(2,278.6)
Prior biennium adjustments	9.1	*(g)*						9.1	(741.0)
Savings on or cancellation of obligations from prior biennium	4,315.7	*(h)*	578.1		293.9			5,187.7	4,230.3
Provision for delays in the collection of contributions	(4,680.4)							(4,680.4)	(9,605.8)
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE	8,067.8		3,462.3	*(e)*	9,162.5			20,692.6	(8,395.1)
Transfers to reserves	2,312.9	*(f)*			118.5	*(h)*		2,431.4	439.3
Transfers from reserves	(34.1)							(34.1)	(417.6)
Credits to Member States									(6,603.4)
Transfers to and from other funds	(182.3)	*(h)*			(65.6)	*(i)*		(247.9)	
Other adjustments to reserves and fund balances			(38.5)	*(f)*	(24,296.0)		572.4	(23,762.1)	
Reserves and fund balances, beginning of year	6,427.1		3,930.5		124,789.8			135,147.4	146,977.9
RESERVES AND FUND BALANCES, END OF 2002	16,591.4		7,354.3		109,709.2		572.4	134,227.3	132,001.1

STATEMENT OF ASSETS, LIABILITIES, AND RESERVES AND FUND BALANCES
for the year ended 31 December 2002

(In thousands of euros)

Heading	General Fund and Working Capital Fund (Note or schedule no. 2)		Other Headquarters funds (Note or schedule no. 3)		Technical cooperation (Note or schedule no. 4)		Eliminations (Note 2t)	Total 2002	Total 2000
ASSETS									
Cash and term deposits	21,120.9		9,639.5		163,916.0	*(j)*		194,676.4	180,117.7
Investments									
Accounts receivable									
Assessed contributions receivable from Member States	111,404.2							111,404.2	117,590.8
Voluntary contributions receivable									
Other contributions receivable	76.0	*(m)*			6,057.7			6,133.7	974.9
Provision for delays in the collection of contributions	(106,756.7)							(106,756.7)	(106,635.6)
Interfund balances			484.0		4,515.0		572.4	5,571.4	5,719.1
Other	4,088.1	*(i)*	4,035.8		3,726.1			11,850.0	8,467.5
Other assets	600.2				4,812.8			5,413.0	5,554.6
TOTAL ASSETS	30,532.7		14,159.3		183,027.6		572.4	228,292.0	211,789.0
LIABILITIES									
Payments or contributions received in advance	1,111.8	*(k)*			13,015.0			14,126.8	2,385.8
Borrowings payable within one year	958.0	*(l)*						958.0	1,123.0
Unliquidated obligations	4,189.8		3,201.4		31,554.0			38,945.2	32,832.5
Accounts payable—interfund	1,338.1		2,220.9		2,012.4			5,571.4	5,719.1
Accounts payable—other	4,427.6	*(c,i)*	1,382.7		26,737.0	*(c,f)*		32,547.3	33,235.5
Other funds and special accounts									
Other liabilities									
Borrowings payable after one year	1,916.0	*(l)*						1,916.0	4,492.0
TOTAL LIABILITIES	13,941.3		6,805.0		73,318.4		0.0	94,064.7	79,787.9
RESERVES AND FUND BALANCES									
Operating reserves			4,828.9	*(g)*	526.9	*(k)*		5,355.8	5,446.6
Other reserves	7,950.4	*(f,r,s)*			2,263.4			10,213.8	8,245.7
Balances relating to projects funded by donors					104,087.3			104,087.3	110,512.4
Working capital funds	7,423.0	*(m)*						7,423.0	7,450.2
Surplus (deficit)	1,218.0	*(p)*	2,525.4		2,831.6		572.4	7,147.4	346.2
TOTAL RESERVES AND FUND BALANCES	16,591.4		7,354.3		109,709.2		572.4	134,227.3	132,001.1
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	30,532.7		14,159.3		183,027.6		572.4	228,292.0	211,789.0

Schedule 2.1

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET
As at 31 December 2002
(In euros)

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Afghanistan	0.010	76,778	6,684	0	0	76,778	6,684	83,462
Albania	0.004	2,491	2,674	0	0	2,491	2,674	5,165
Algeria	0.101	0	67,514	0	67,514	0	0	0
Angola	0.003	0	2,005	0	1,952	0	53	53
Argentina	1.648	2,541,205	1,101,604	0	42,447	2,541,205	1,059,157	3,600,362
Armenia	0.003	911,326	2,005	549	0	910,777	2,005	912,782
Austria	1.356	0	906,417	0	906,417	0	0	0
Azerbaijan	0.006	1,266,648	4,011	130,676	669	1,135,972	3,342	1,139,314
Bahamas	0.017	0	11,364		11,364	0	0	0
Bahrain	0.026	15,863	17,380	15,863	17,380	0	0	0
Bangladesh	0.010	0	6,684	0	6,684	0	0	0
Barbados	0.013	0	8,690	0	8,690	0	0	0
Belarus	0.027	688,578	18,048	198,728	668	489,850	17,380	507,230
Belgium	1.617	0	1,080,882	0	1,080,882	0	0	0
Belize	0.001	0	668	0	668	0	0	0
Benin	0.003	3,163	2,005	0	0	3,163	2,005	5,168
Bhutan	0.001	707	668	707	668	0	0	0
Bolivia	0.011	0	7,353	0	0	0	7,353	7,353
Bosnia and Herzegovina	0.006	215,008	4,011	104	669	214,904	3,342	218,246
Botswana	0.014	1,989	9,358	1,989	9,358	0	0	0
Brazil	2.976	12,466,047	1,989,304	0	81,885	12,466,047	1,907,419	14,373,466
Bulgaria	0.018	0	12,032	0	12,032	0	0	0
Burkina Faso	0.003	0	2,005	0	946	0	1,059	1,059
Burundi	0.001	65,035	668	0	0	65,035	668	65,703
Cambodia	0.003	0	2,005	0	0	0	2,005	2,005
Cameroon	0.013	31,440	8,690	31,440	8,690	0	0	0
Cape Verde	0.001	94,936	668	148	0	94,788	668	95,456
Central African Republic	0.001	110,145	668	0	0	110,145	668	110,813
Chad	0.001	83,440	668	0	0	83,440	668	84,108
Chile	0.266	110,260	177,807	110,260	16,662	0	161,145	161,145
China	2.196	0	1,467,915	0	1,467,915	0	0	0

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Colombia	0.243	0	162,434	0	15,470	0	146,964	146,964
Comoros	0.001	120,346	668	0	0	120,346	668	121,014
Congo	0.001	108,252	668	222	0	108,030	668	108,698
Costa Rica	0.028	86,223	18,717	5,604	669	80,619	18,048	98,667
Côte d'Ivoire	0.013	16,776	8,690	159	669	16,617	8,021	24,638
Croatia	0.055	27,232	36,765	27,232	36,765	0	0	0
Cuba	0.043	41,142	28,743	41,142	9,498	0	19,245	19,245
Cyprus	0.054	0	36,096	0	36,096	0	0	0
Czech Republic	0.245	0	163,770	0	163,770	0	0	0
Democratic People's Republic of Korea	0.013	14,371	8,690	668	669	13,703	8,021	21,724
Democratic Republic of the Congo	0.006	115,501	4,011	297	669	115,204	3,342	118,546
Denmark	1.073	0	717,246	0	717,246	0	0	0
Djibouti	0.001	83,440	668	0	0	83,440	668	84,108
Dominica	0.001	417	668	0	0	417	668	1,085
Dominican Republic	0.033	309,091	22,059	0	1,337	309,091	20,722	329,813
Ecuador	0.036	0	24,064	0	24,064	0	0	0
Egypt	0.115	0	76,872	0	76,872	0	0	0
El Salvador	0.026	125,036	17,380	0	669	125,036	16,711	141,747
Equatorial Guinea	0.001	120,346	668	0	0	120,346	668	121,014
Eritrea	0.001	0	668		621	0	47	47
Ethiopia	0.006	0	4,011	0	4,011	0	0	0
Fiji	0.006	9,409	4,011	9,409	4,011	0	0	0
Finland	0.748	0	500,000	0	500,000	0	0	0
France	9.264	0	6,192,512	0	6,192,512	0	0	0
Gabon	0.020	14,088	13,369	860	668	13,228	12,701	25,929
Gambia	0.001	74,709	668	0	0	74,709	668	75,377
Georgia	0.007	1,589,941	4,679	222	0	1,589,719	4,679	1,594,398
Germany	13.997	0	9,356,281	0	9,356,281	0	0	0
Ghana	0.007	10,787	4,679	877	0	9,910	4,679	14,589
Greece	0.772	0	516,043	0	516,043	0	0	0
Grenada	0.001	87,276	668	668	0	86,608	668	87,276
Guatemala	0.038	53,920	25,401	53,920	25,401	0	0	0
Guinea	0.004	16,239	2,674	0	0	16,239	2,674	18,913
Guinea-Bissau	0.001	115,455	668	0	0	115,455	668	116,123
Guyana	0.001	555	668	0	0	555	668	1,223
Haiti	0.003	0	2,005	0	67	0	1,938	1,938
Honduras	0.006	0	4,011		4,011	0	0	0

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Hungary	0.172	0	114,974	0	114,974	0	0	0
India	0.489	0	326,872	0	326,872	0	0	0
Indonesia	0.286	170,030	191,176	170,030	191,176	0	0	0
Iran (Islamic Republic of)	0.336	282,794	224,599	75,114	9,024	207,680	215,575	423,255
Iraq	0.145	1,481,289	96,926	0	4,679	1,481,289	92,247	1,573,536
Ireland	0.422	0	282,086	0	282,086	0	0	0
Israel	0.594	0	397,059	0	397,059	0	0	0
Italy	7.256	0	4,850,266	0	4,850,266	0	0	0
Jamaica	0.006	5,184	4,011	223	669	4,961	3,342	8,303
Japan	22.000	0	14,705,878	0	14,705,878	0	0	0
Jordan	0.011	0	7,353	0	7,353	0	0	0
Kazakhstan	0.041	472,854	27,407	0	1,003	472,854	26,404	499,258
Kenya	0.011	8,238	7,353	0	0	8,238	7,353	15,591
Kuwait	0.210	0	140,374	0	140,374	0	0	0
Kyrgyzstan	0.001	374,908	668	465	0	374,443	668	375,111
Lao People's Democratic Republic	0.001	0	668	0	668	0	0	0
Lebanon	0.017	31,906	11,364	31,906	1,420	0	9,944	9,944
Lesotho	0.001	2,648	668	2,648	668	0	0	0
Liberia	0.001	86,022	668	0	0	86,022	668	86,690
Libyan Arab Jamahiriya	0.095	270,622	63,503	199,532	2,340	71,090	61,163	132,253
Lithuania	0.024	609,799	16,043	206,021	669	403,778	15,374	419,152
Luxembourg	0.114	0	76,204	0	76,204	0	0	0
Madagascar	0.004	0	2,674	0	69	0	2,605	2,605
Malawi	0.003	34,208	2,005	0	0	34,208	2,005	36,213
Malaysia	0.337	0	225,268	0	225,268	0	0	0
Maldives	0.001	1,021	668	1,657	0	1,021	668	1,689
Mali	0.003	15,175	2,005	0	0	15,175	2,005	17,180
Malta	0.021	0	14,037	0	14,037	0	0	0
Mauritania	0.001	112,649	668	0	0	112,649	668	113,317
Mauritius	0.016	0	10,695	0	10,695	0	0	0
Mexico	1.557	0	1,040,776	0	1,040,776	0	0	0
Mongolia	0.001	0	668	0	148	0	520	520
Morocco	0.064	0	42,781	0	42,781	0	0	0
Mozambique	0.001	0	668	0	668	0	0	0
Myanmar	0.010	8,462	6,684	149	0	8,313	6,684	14,997
Namibia	0.010	0	6,684	0	0	0	6,684	6,684
Nepal	0.006	0	4,011	0	4,011	0	0	0

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Netherlands	2.489	0	1,663,770	0	1,663,770	0	0	0
New Zealand	0.345	0	230,615	0	230,615	0	0	0
Nicaragua	0.001	133,310	668	0	0	133,310	668	133,978
Niger	0.001	94,971	668	148	0	94,823	668	95,491
Nigeria	0.080	107,093	53,476	107,093	3,929	0	49,547	49,547
Norway	0.927	0	619,653	0	619,653	0	0	0
Oman	0.088	0	58,824	0	58,824	0	0	0
Pakistan	0.087	44,055	58,155	44,055	11,696	0	46,459	46,459
Panama	0.026	17,056	17,380	17,056	17,380	0	0	0
Papua New Guinea	0.009	36,344	6,016	36,344	6,016	0	0	0
Paraguay	0.023	34,308	15,374	0	668	34,308	14,706	49,014
Peru	0.169	84,432	112,968	3,661	4,010	80,771	108,958	189,729
Philippines	0.144	63,960	96,257	63,960	84,359	0	11,898	11,898
Poland	0.454	0	303,476	0	303,476	0	0	0
Portugal	0.663	427,169	443,182	427,169	443,182	0	0	0
Qatar	0.048	79,281	32,086	74,840	1,337	4,441	30,749	35,190
Republic of Korea	2.653	0	1,773,396	0	1,773,396	0	0	0
Republic of Moldova	0.003	869,774	2,005	891	0	868,883	2,005	870,888
Romania	0.084	0	56,150	0	56,150	0	0	0
Russian Federation	1.706	38,013	1,140,374	38,013	1,140,374	0	0	0
Rwanda	0.001	54,389	668	46,459	0	7,930	668	8,598
Saint Kitts and Nevis	0.001	1,023	668	1,023	668	0	0	0
Saint Lucia	0.003	0	2,005	0	2,005	0	0	0
Saint Vincent and the Grenadines	0.001	109,615	668	0	0	109,615	668	110,283
Sao Tome and Principe	0.001	120,346	668	0	0	120,346	668	121,014
Saudi Arabia	0.795	0	531,417	0	531,417	0	0	0
Senegal	0.007	0	4,679	0	251	0	4,428	4,428
Seychelles	0.003	41,842	2,005	0	0	41,842	2,005	43,847
Sierra Leone	0.001	89,898	668	2,883	0	87,015	668	87,683
Slovakia	0.061	0	40,776	0	40,776	0	0	0
Slovenia	0.115	184,053	76,872	0	3,008	184,053	73,864	257,917
Somalia	0.001	133,323	668	0	0	133,323	668	133,991
South Africa	0.584	0	390,374	0	390,374	0	0	0
Spain	3.610	0	2,413,101	0	2,413,101	0	0	0
Sri Lanka	0.023	0	15,374	0	15,038	0	336	336
Sudan	0.009	6,362	6,016	6,362	6,016	0	0	0
Suriname	0.003	37,768	2,005	223	0	37,545	2,005	39,550

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
Swaziland	0.003	0	2,005	0	2,005	0	0	0
Sweden	1.471	0	983,289	0	983,289	0	0	0
Switzerland	1.811	0	1,210,562	0	1,210,562	0	0	0
Syrian Arab Republic	0.115	0	76,872	0	76,872	0	0	0
Tajikistan	0.001	276,442	668	372	0	276,070	668	276,738
Thailand	0.361	0	241,310	0	147,919	0	93,391	93,391
TFYR of Macedonia	0.009	7,643	6,016	7,490	668	153	5,348	5,501
Togo	0.001	71,142	668	0	0	71,142	668	71,810
Tonga	0.001	570	668	0	0	570	668	1,238
Trinidad and Tobago	0.023	41,457	15,374	41,457	15,374	0	0	0
Tunisia	0.044	0	29,412	0	28,311	0	1,101	1,101
Turkey	0.631	415,660	421,791	415,660	421,791	0	0	0
Turkmenistan	0.004	149,960	2,674	0	0	149,960	2,674	152,634
Uganda	0.007	48,330	4,679	48,330	4,679	0	0	0
Ukraine	0.075	8,678,076	50,134	1,034,195	2,005	7,643,881	48,129	7,692,010
United Arab Emirates	0.290	167,454	193,851	167,454	193,851	0	0	0
United Kingdom	7.932	0	5,302,138	0	5,302,138	0	0	0
United Republic of Tanzania	0.006	65,475	4,011	65,440	669	35	3,342	3,377
Uruguay	0.115	90,601	76,872	32,985	2,674	57,616	74,198	131,814
Uzbekistan	0.016	450,891	10,695	1,559	668	449,332	10,027	459,359
Vanuatu	0.001	77,011	668	0	0	77,011	668	77,679
Venezuela	0.299	0	199,867	0	53,588	0	146,279	146,279
Viet Nam	0.018	0	12,032	0	12,032	0	0	0
Yemen	0.010	12,911	6,684	12,911	6,684	0	0	0
Yugoslavia (new)	0.028	0	18,717		18,717	0	0	0
Zambia	0.003	51,558	2,005	0	0	51,558	2,005	53,563
Zimbabwe	0.011	8,641	7,353	8,641	7,353	0	0	0
Subtotal:	100.000	39,215,627	66,844,900	4,026,163	62,197,422	35,191,121	4,647,478	39,838,599
FORMER MEMBER STATES:								
USA		69,264,731	0	0	0	69,264,731	0	69,264,731
Yugoslavia (former)		2,084,891	0	3,075	0	2,081,816	0	2,081,816
Subtotal:		71,349,622	0	3,075	0	71,346,547	0	71,346,547

Member State	Scale %	Contribution payable 1 January 2002		Credits and Collections in 2002		Contributions outstanding as at 31 December 2002		Total outstanding
		Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	Prior Biennium	Current Biennium	
NEW MEMBER STATES:								
Chad		9,812	0	0	0	9,812	0	9,812
Comoros		12,978	0	0	0	12,978	0	12,978
Djibouti		8,790	0	0	0	8,790	0	8,790
El Salvador		17,250	0	0	0	17,250	0	17,250
Equatorial Guinea		12,978	0	0	0	12,978	0	12,978
Kazakhstan		75,534	0	2,227	0	73,307	0	73,307
Liberia		18,777	0	148	0	18,629	0	18,629
Sao Tome + Principe		12,978	0	0	0	12,978	0	12,978
South Africa		267,736	0	267,736	0	0	0	0
Turkmenistan		52,332	0	0	0	52,332	0	52,332
Yugoslavia (new)		29,682	0	29,682	0	0	0	0
Subtotal:		518,847	0	299,793	0	219,054	0	219,054
TOTAL:		111,084,096	66,844,900	4,329,031	62,197,422	106,756,722	4,647,478	111,404,200
1986		50,480		0		50,480		50,480
1987		53,410		0		53,410		53,410
1988		82,284		0		82,284		82,284
1989		110,515		519		109,996		109,996
1990		529,007		3,223		525,784		525,784
1991		773,873		3,847		770,026		770,026
1992		973,344		875		972,469		972,469
1993		1,305,744		119,765		1,185,979		1,185,979
1994		8,918,511		632,636		8,285,875		8,285,875
1995		39,595,768		679,819		38,915,949		38,915,949
1996		35,223,929		29,047		35,194,882		35,194,882
1997		5,188,057		57,324		5,130,733		5,130,733
1998		4,307,801		211,572		4,096,229		4,096,229
1999		4,963,493		157,624		4,805,869		4,805,869
2000		3,551,594		434,141		3,117,453		3,117,453
2001		5,456,286		1,996,982		3,459,304		3,459,304
2002			66,844,900		62,197,422		4,647,478	4,647,478
TOTAL		111,084,096	66,844,900	4,327,374	62,197,422	106,756,722	4,647,478	111,404,200

Schedule 2.2

STATUS OF ADVANCES TO THE WORKING CAPITAL FUND
As at 31 December 2002
(In euros)

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Afghanistan	0.0100	742	296			446
Albania	0.0040	297	297			-
Algeria	0.1010	7,497	9,428	(1,931)		-
Angola	0.0030	223	1,114	(891)		-
Argentina	1.6480	122,332	120,921			1,411
Armenia	0.0030	223	668	(445)		-
Austria	1.3560	100,657	103,328	(2,671)		-
Azerbaijan	0.0060	445	1,188	(743)		-
Bahamas	0.0170	1,262	1,633	(371)		-
Bahrain	0.0260	1,930	1,856		74	-
Bangladesh	0.0100	742	1,114	(372)		-
Barbados	0.0130	965	891		74	-
Belarus	0.0270	2,004	6,235	(4,231)		-
Belgium	1.6170	120,031	121,070	(1,039)		-
Belize	0.0010	74	74			-
Benin	0.0030	223	223			-
Bhutan	0.0010	74	74			-
Bolivia	0.0110	817	742			75
Bosnia and Herzegovina	0.0060	445	520	(75)		-
Botswana	0.0140	1,039	1,114	(75)		-
Brazil	2.9760	220,910	161,302			59,608
Bulgaria	0.0180	1,336	1,188		148	-
Burkina Faso	0.0030	223	223			-
Burundi	0.0010	74	74			-
Cambodia	0.0030	223	74			149
Cameroon	0.0130	965	1,410	(445)		-
Cape Verde	0.0010	74	222	(148)		-
Central African Republic	0.0010	74	74			-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Chad	0.0010	74	74			-
Chile	0.2660	19,745	14,920		4,825	-
China	2.1960	163,010	109,119		53,891	-
Colombia	0.2430	18,038	11,951		6,087	-
Comoros	0.0010	74	74			-
Congo	0.0010	74	296	(222)		-
Costa Rica	0.0280	2,078	1,782		296	-
Côte d'Ivoire	0.0130	965	904		61	-
Croatia	0.0550	4,083	3,266		817	-
Cuba	0.0430	3,192	2,673		519	-
Cyprus	0.0540	4,008	3,712		296	-
Czech Republic	0.2450	18,186	11,729		6,457	-
Democratic People's Republic of Korea	0.0130	965	1,633	(668)		-
Democratic Republic of the Congo	0.0060	445	742	(297)		-
Denmark	1.0730	79,650	75,863		3,787	-
Djibouti	0.0010	74	74			-
Dominica	0.0010	74	74			-
Dominican Republic	0.0330	2,450	252			2,198
Ecuador	0.0360	2,672	2,227		445	-
Egypt	0.1150	8,536	7,127		1,409	-
El Salvador	0.0260	1,930	92			1,838
Equatorial Guinea	0.0010	74	74			-
Eritrea	0.0010	74	74			-
Ethiopia	0.0060	445	668	(223)		-
Fiji	0.0060	445	445			-
Finland	0.7480	55,524	59,532	(4,008)		-
France	9.2640	687,670	717,732	(30,062)		-
Gabon	0.0200	1,485	1,633	(148)		-
Gambia	0.0010	74	74			-
Georgia	0.0070	520	742	(222)		-
Germany	13.9970	1,039,002	1,080,941	(41,939)		-
Ghana	0.0070	520	742	(222)		-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Greece	0.7720	57,306	38,526		18,780	-
Grenada	0.0010	74	74			-
Guatemala	0.0380	2,821	2,005		816	-
Guinea	0.0040	297	297			-
Guinea-Bissau	0.0010	74	74			-
Guyana	0.0010	74	74			-
Haiti	0.0030	223	223			-
Honduras	0.0060	445	296		149	-
Hungary	0.1720	12,768	13,139	(371)		-
India	0.4890	36,299	32,810		3,489	-
Indonesia	0.2860	21,230	20,636		594	-
Iran (Islamic Republic of)	0.3360	24,941	17,667		7,274	-
Iraq	0.1450	10,763	3,489			7,274
Ireland	0.4220	31,325	24,570		6,755	-
Israel	0.5940	44,093	38,377		5,716	-
Italy	7.2560	538,616	596,218	(57,602)		-
Jamaica	0.0060	445	668	(223)		-
Japan	22.0000	1,633,067	1,855,758	(222,691)		-
Jordan	0.0110	817	668		149	-
Kazakhstan	0.0410	3,043	5,270	(2,227)		-
Kenya	0.0110	817	742			75
Kuwait	0.2100	15,588	14,030		1,558	-
Kyrgyzstan	0.0010	74	539	(465)		-
Lao People's Democratic Republic	0.0010	74	74			-
Lebanon	0.0170	1,262	1,782	(520)		-
Lesotho	0.0010	74	222	(148)		-
Liberia	0.0010	74	222	(148)		-
Libyan Arab Jamahiriya	0.0950	7,052	13,584	(6,532)		-
Lithuania	0.0240	1,782	1,633		149	-
Luxembourg	0.1140	8,462	7,497		965	-
Madagascar	0.0040	297	297			-
Malawi	0.0030	223	223			-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Malaysia	0.3370	25,016	20,042		4,974	-
Maldives	0.0010	74	74			-
Mali	0.0030	223	223			-
Malta	0.0210	1,559	1,559			-
Mauritania	0.0010	74	74			-
Mauritius	0.0160	1,188	965		223	-
Mexico	1.5570	115,577	109,119		6,458	-
Mongolia	0.0010	74	222	(148)		-
Morocco	0.0640	4,751	4,528		223	-
Mozambique	0.0010	74	74			-
Myanmar	0.0100	742	891	(149)		-
Namibia	0.0100	742	742			-
Nepal	0.0060	445	445			-
Netherlands	2.4890	184,760	178,969		5,791	-
New Zealand	0.3450	25,609	24,274		1,335	-
Nicaragua	0.0010	74	74			-
Niger	0.0010	74	222	(148)		-
Nigeria	0.0800	5,938	3,489		2,449	-
Norway	0.9270	68,812	66,881		1,931	-
Oman	0.0880	6,532	5,568		964	-
Pakistan	0.0870	6,458	6,458			-
Panama	0.0260	1,930	1,410		520	-
Papua New Guinea	0.0090	668	742	(74)		-
Paraguay	0.0230	1,707	904			803
Peru	0.1690	12,545	10,838		1,707	-
Philippines	0.1440	10,689	8,908		1,781	-
Poland	0.4540	33,701	21,527		12,174	-
Portugal	0.6630	49,215	47,285		1,930	-
Qatar	0.0480	3,563	3,637	(74)		-
Republic of Korea	2.6530	196,933	110,307		86,626	-
Republic of Moldova	0.0030	223	1,114	(891)		-
Romania	0.0840	6,235	6,161		74	-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Russian Federation	1.7060	126,637	118,100		8,537	-
Rwanda	0.0010	74	74			-
Saint Kitts and Nevis	0.0010	74	74			-
Saint Lucia	0.0030	223	74		149	-
Saint Vincent and the Grenadines	0.0010	74	74			-
Sao Tome and Principe	0.0010	74	74			-
Saudi Arabia	0.7950	59,014	61,611	(2,597)		-
Senegal	0.0070	520	668	(148)		-
Seychelles	0.0030	223	223			-
Sierra Leone	0.0010	74	74			-
Slovakia	0.0610	4,528	3,860		668	-
Slovenia	0.1150	8,536	6,681			1,855
Somalia	0.0010	74	74			-
South Africa	0.5840	43,350	30,434		12,916	-
Spain	3.6100	267,972	284,154	(16,182)		-
Sri Lanka	0.0230	1,707	1,336		371	-
Sudan	0.0090	668	742	(74)		-
Suriname	0.0030	223	446	(223)		-
Swaziland	0.0030	223	223			-
Sweden	1.4710	109,193	118,323	(9,130)		-
Switzerland	1.8110	134,432	133,244		1,188	-
Syrian Arab Republic	0.1150	8,536	7,052		1,484	-
Tajikistan	0.0010	74	446	(372)		-
Thailand	0.3610	26,797	18,632		8,165	-
TFYR of Macedonia	0.0090	668	446		222	-
Togo	0.0010	74	74			-
Tonga	0.0010	74	74			-
Trinidad and Tobago	0.0230	1,707	1,782	(75)		-
Tunisia	0.0440	3,266	3,043		223	-
Turkey	0.6310	46,839	48,250	(1,411)		-
Turkmenistan	0.0040	297	0			297
Uganda	0.0070	520	446		74	-

Member State	Scale of assessment (per cent)	Amount of advance	Collections 1986-2001	Adjustments 2002	Collections 2002	Amount outstanding
Ukraine	0.0750	5,567	20,859	(15,292)		-
United Arab Emirates	0.2900	21,527	19,522		2,005	-
United Kingdom	7.9320	588,795	558,360		30,435	-
United Republic of Tanzania	0.0060	445	296		149	-
Uruguay	0.1150	8,536	5,270		3,266	-
Uzbekistan	0.0160	1,188	2,747	(1,559)		-
Vanuatu	0.0010	74	74			-
Venezuela	0.2990	22,195	17,519		4,676	-
Viet Nam	0.0180	1,336	742		594	-
Yemen	0.0100	742	1,114	(372)		-
Yugoslavia (new)	0.0280	2,078	0		2,078	-
Zambia	0.0030	223	223			-
Zimbabwe	0.0110	817	965	(148)		-
TOTAL (169 States)	**100.0000**	**7,423,030**	**7,446,503**	**(431,442)**	**331,940**	**76,029**

Statement III

GENERAL FUND AND WORKING CAPITAL FUND

Statement of cash flow for the year ended 31 December 2002

(In thousands of euros)

			Total 2002	Total 2000
Cash flows from operating activities				
Excess (shortfall) of income over expenditure (Statement I)			8,423.4	8,912.0
(Increase) decrease in contributions receivable			(389.9)	(251.3)
(Increase) decrease other accounts receivable			5,235.7	2,496.8
Increase (decrease) in contributions or payments received in advance			955.4	418.1
Increase (decrease) in unliquidated obligations			(9,908.9)	(7,456.0)
Increase (decrease) in accounts payable			(5,416.9)	(2,269.4)
Increase (decrease) in other funds and special accounts			(182.3)	
Less:	Interest income	800.0		
	Currency exchange adjustments	80.3	880.3	(1,580.6)
Net cash from operating activities			(2,163.8)	3,430.8
Cash flows from investing and financing activities				
Increase (decrease) in interfund balances			(909.9)	3,859.2
Increase (decrease) in borrowings			(1,618.0)	(1,123.0)
Plus:	Interest income	800.0		
	Currency exchange adjustments	80.3	880.3	(1,580.6)
Net cash from investing and financing activities			(1,647.6)	1,155.6
Cash flows from other sources				
Savings on or cancellation of prior period's obligations			4,315.7	3,760.4
Transfers to (from) reserves			2,278.8	(106.2)
Credits to Member States and prior bienniums adjustments			9.1	(7,344.3)
Net cash from other sources			6,603.6	(3,690.1)
Net increase (decrease) in cash			2,792.2	896.3
Cash at beginning of period			18,328.7	14,486.9
Cash at end of period (Statement II)			21,120.9	15,383.2

Note to the above:

1. 2000 comparative figures converted at the rate of US$1 = €1.123.
2. For 2002, Buildings Management is not reported as part of the General Fund, but under other Headquarters funds.

GENERAL FUND

Status of appropriations by major programme for the year ended 31 December 2002

(In thousands of euros)

Major Programme	Original appropriation	Transfers/ other adjustments	Revised appropriation	Disbursements during 2002	Unliquidated obligations as at 31/12/02	Total expenditure	Balance of appropriations
Governing Bodies	2,356.9	0.0	2,356.9	1,856.7	0.0	1,856.7	500.2
General Management	4,810.6	0.0	4,810.6	5,070.9	466.1	5,537.0	(726.4)
Strengthening of Industrial Capacities	18,700.6	0.0	18,700.6	14,156.2	556.4	14,712.6	3,988.0
Cleaner and Sustainable Industrial Development	11,072.5	0.0	11,072.5	9,921.5	188.7	10,110.2	962.3
Regional Programme	16,035.6	0.0	16,035.6	12,075.4	1,738.8	13,814.2	2,221.4
Administration	9,229.9	0.0	9,229.9	8,204.1	413.6	8,617.7	612.2
Indirect Costs	6,134.3	0.0	6,134.3	5,578.9	313.3	5,892.2	242.1
Total A	68,340.4	0.0	68,340.4	56,863.7	3,676.9	60,540.6	7,799.8
	Approved estimates			**Actual income**	**Accrued income**	**Total income**	**(Excess) shortfall**
Income							
Regional Programme	1,236.9		1,236.9	424.4	0.0	424.4	812.5
Miscellaneous Income							
(i) Estimated in GC.9/Dec.17	857.9	0.0	857.9	838.2	0.0	838.2	19.7
(ii) Not estimated in GC.9/Dec.17				856.5	0.0	856.5	(856.5)
Total B	2,094.8	0.0	2,094.8	2,119.1	0.0	2,119.1	(24.3)
Total A - B	66,245.6	0.0	66,245.6	54,744.6	3,676.9	58,421.5	7,824.1

Schedule 4.1

GENERAL FUND

Status of appropriations by major object of expenditure for the year ended 31 December 2002

(In thousands of euros)

Major object of expenditure	Original appropriation	Transfers/other adjustments	Revised appropriation	Disbursements during 2002	Unliquidated obligations as at 31/12/02	Total expenditure	Balance of appropriations
Salaries and common staff costs	44,960.3	0.0	44,960.3	41,058.0	1,138.6	42,196.6	2,763.7
Official travel	1,341.8	0.0	1,341.8	636.3	273.5	909.8	432.0
Operating costs	12,104.6	0.0	12,104.6	8,558.4	1,592.0	10,150.4	1,954.2
Information and communication technology	3,185.4	0.0	3,185.4	1,873.7	424.3	2,298.0	887.4
RPTC and IDDA supplementary activities	6,748.3	0.0	6,748.3	4,737.3	248.5	4,985.8	1,762.5
Total A	68,340.4	0.0	68,340.4	56,863.7	3,676.9	60,540.6	7,799.8
Income	**Approved estimates**			**Actual income**	**Accrued income**	**Total income**	**(Excess) shortfall**
Salaries and common staff costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Official travel	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Operating costs	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Information and communication technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RPTC and IDDA supplementary activities	1,236.9	0.0	1,236.9	424.4	0.0	424.4	812.5
Total B	1,236.9	0.0	1,236.9	424.4	0.0	424.4	812.5
Miscellaneous income							
(i) Estimated in GC.9/Dec.17	857.9	0.0	857.9	838.2	0.0	838.2	19.7
(ii) Not estimated in GC.9/Dec.17		0.0	0.0	856.5	0.0	856.5	(856.5)
Total C	857.9	0.0	857.9	1,694.7	0.0	1,694.7	(836.8)
Total A—B—C	66,245.6	0.0	66,245.6	54,744.6	3,676.9	58,421.5	7,824.1

Schedule 4.1 (Supplementary)

OTHER HEADQUARTERS FUNDS

BUILDINGS MANAGEMENT SERVICES

Status of appropriations by major object of expenditure for the year ended 31 December 2002

(In thousands of euros)

Major object of expenditure	Original appropriation	Transfers/other adjustments	Revised appropriation	Disbursements during 2002	Unliquidated obligations as at 31/12/02	Total expenditure	Balance of appropriations
Salaries and common staff costs	6,302.0	0.0	6,302.0	5,694.4	4.0	5,698.4	603.6
Official travel	5.5	0.0	5.5	1.9	1.7	3.6	1.9
Operating costs	12,245.8	0.0	12,245.8	5,372.9	2,489.3	7,862.2	4,383.6
Information and communication technology	0.0	0.0	0.0	0.0	0.0	0.0	0.0
RPTC and IDDA supplementary activities	0.0	0.0	0.0	0.0	0.0	0.0	0.0
Total A	18,553.3	0.0	18,553.3	11,069.2	2,495.0	13,564.2	4,989.1
	Approved estimates			**Actual income**	**Accrued income**	**Total income**	**(Excess) shortfall**
Income							
Common Buildings Management	17,762.7	0.0	17,762.7	16,971.0	220.0	17,191.0	571.7
Joint Buildings Management	790.6	0.0	790.6	539.7	149.5	689.2	101.4
Total B	18,553.3	0.0	18,553.3	17,510.7	369.5	17,880.2	673.1
Miscellaneous income							
Not estimated in GC.9/Dec.17	0.0	0.0	0.0	73.8	0.0	73.8	(73.8)
Total C	0.0	0.0	0.0	73.8	0.0	73.8	(73.8)
Total A - B - C	0.0	0.0	0.0	(6,515.3)	2,125.5	(4,389.8)	4,389.8*

* Of the €4,389.8 balance of appropriation reported above, €4,386.5 is attributed to the Special Account for Buildings Management costs not subject to financial regulations 4.2(b) and 4.2(c).

II. NOTES TO THE FINANCIAL STATEMENTS

Preface

UNIDO MISSION STATEMENT

The United Nations Industrial Development Organization (UNIDO) is a specialized United Nations agency dedicated to promoting sustainable industrial development in countries with developing and transition economies.

UNIDO draws on the wide industrial expertise of its staff and the resources of government, the private sector and other United Nations multilateral and national institutions to create productive employment, competitive economies and a sound environment.

Fostering growth and productivity is central to UNIDO's highly focused sectoral, regional and country-specific programmes. UNIDO is committed to maintaining excellent standards in the implementation of these programmes with the ultimate aim of assisting the developing countries and transition economies in their struggle against poverty and marginalization.

Note 1. Summary of significant accounting policies

The following are the significant accounting policies of UNIDO:

(a) UNIDO's accounts are maintained in accordance with the Financial Regulations of UNIDO, as adopted by the General Conference, the rules formulated thereunder, administrative instructions in force as at the date of conversion of UNIDO into a specialized agency, and in conformity with generally accepted government accounting principles. UNIDO follows the accounting standards as approved by the Consultative Committee on Administrative Questions (now High-Level Committee on Management—HLCM) on behalf of the Administrative Committee on Coordination (now the United Nations System Chief Executives Board for Coordination—CEB) at its eighty-third session and requested by General Assembly resolution 48/216, and the financial statements, of which these notes form an integral part, are presented in accordance with those standards, as shown below:

(i) Going concern, consistency and accrual are fundamental accounting assumptions. Where fundamental accounting assumptions are followed in financial statements, disclosure of such assumptions is not required. If a fundamental accounting assumption is not followed, that fact should be disclosed together with the reasons;

(ii) Prudence, substance over form, and materiality should govern the selection and application of accounting policies;

(iii) Financial statements should include clear and concise disclosure of all significant accounting policies, which have been used;

(iv) The disclosure of the significant accounting policies used should be an integral part of the financial statements. The policies should normally be disclosed in one place;

(v) Financial statements should show corresponding figures for the preceding period. To facilitate comparison, the comparative figures for 2000 have been converted to euros at the rate of US$1 = €1.123;

(vi) A change in an accounting policy that has a material effect in the current period or may have a material effect in subsequent periods should be disclosed together with the reasons. The effect of the change should, if material, be disclosed and quantified.

(b) The UNIDO financial statements are prepared on the historical cost basis of accounting and have not been adjusted to reflect the effects of changing prices for goods and services.

(c) Until 31 December 2001, the accounts of the Organization were presented in United States dollars. With effect from January 2002, the currency of accounts was changed to euros (GC.8/Dec.16). Therefore, all assets, liabilities, reserves and fund balances of the General Fund and other Headquarters funds were converted to euros on 1 January 2002, using the exchange rates approved by the General Conference (GC.9/Dec.15), i.e. ATS 13.7603 = €1 and $1 = €1.123 (or €1=$0.890472). Most extrabudgetary activities, however, continue to be in United States dollars. Therefore, for the Organization's consolidated financial statements purposes, these accounts are converted to euros using the methodology stated in note 1(g) below.

(d) Fund accounting. The UNIDO accounts are maintained on a "fund accounting" basis. Separate funds for general or special purposes may be established by the General Conference or the Director-General. Each fund is maintained as a distinct financial and accounting entity, with a separate self-balancing double-entry group of accounts.

(e) The fiscal period of the Organization is a biennium and consists of two consecutive calendar years.

(f) The income, expenditure, assets and liabilities are recognized on the accrual basis of accounting except for trust funds and the Industrial Development Fund. For these funds, the actual contributions received from donors are shown as income (voluntary contributions), which are held in trust by UNIDO for the purpose of carrying out the implementation of projects/activities agreed to by the donors.

(g) Translation of currencies. In accordance with General Conference decision GC.8/Dec.16, the accounts of the Organization are presented in euros. Transactions in other currencies are converted into euros as follows: income, expenditure and changes in reserves and fund balances at the applicable United Nations operational rate of exchange at the deemed date of the transaction; and assets, liabilities, reserves and fund balances at the applicable United Nations operational rate of exchange at the date of the statement (see also note 1 (q) below on Other income – Gain/loss on exchange).

(h) Assessed contributions. In accordance with financial regulation 5.6, payments made by a Member State are credited first to the Working Capital Fund and then to the contributions due, in the order in which the Member State was assessed.

(i) Contributions in kind received or receivable and the value thereof are not accounted for, but disclosed in the notes to the financial statements.

(j) Funds on deposit in interest-bearing bank accounts, certificates of deposit, time deposits and call accounts are shown in the statements of assets and liabilities as cash.

(k) Deferred charges—shown under other assets:

(i) Deferred charges comprise expenditure items that are not properly chargeable in the current fiscal period and that will be charged as expenditure in a subsequent fiscal period;

(ii) For balance sheet statement purposes only, that portion of the education grant advance which is assumed to pertain to the scholastic year completed as at the date of the financial statement is shown under deferred charges. The full amount of the advance is maintained in the accounts receivable from staff members until such time as the staff member produces the required proof of entitlement to the education grant, at which time the budgetary account is charged and the advance recovered.

(l) Fixed assets. Furniture, equipment, other non-expendables and leasehold improvements are not included in the assets of the Organization. Acquisitions are charged against budgetary accounts in the year of purchase.

(m) Commitments approved for future fiscal periods that are necessary in the interest of UNIDO, in accordance with financial rule 109.6, are disclosed in the notes to the financial statements of the respective fund. Such commitments are normally restricted to administrative requirements of a continuing nature and to other contracts or legal obligations where long lead times are required for delivery.

(n) No provision is made in the General Fund for repatriation grant entitlements or to meet contingencies under appendix D to the Staff Rules of UNIDO, as funds are provided for in the budget appropriations. However, provision is made to meet repatriation grant entitlements and contingency liabilities for compensation payments under appendix D to the Staff Rules for personnel financed by technical cooperation other than UNDP and are calculated on the basis of one per cent of net base pay.

(o) Special accounts. The General Conference at its ninth session established, with effect from 1 January 2002, a special account for Buildings Management Services (for other than staff costs) and a

special account for the Regular Programme of Technical Cooperation (GC.9/Dec.14). These special accounts are not subject to financial regulations 4.2(b) and 4.2(c); thus the budgetary surplus due to Member States excludes the balances available in these special accounts.

(p) Surpluses due to Member States are funds available for credit to Member States arising from unencumbered balances of the appropriations and contributions from new Member States. In accordance with financial regulation 4.2 (b), the unencumbered balance of the appropriations at the end of a fiscal period shall be surrendered to the Members at the end of the first calendar year following the fiscal period after deducting therefrom any contributions from Members relating to that fiscal period which remain unpaid, and shall be credited to the Members in proportion to their assessed contributions in accordance with the provisions of financial regulations 4.2(c) and 5.2(d). Financial regulation 4.2(c) requires that, before the respective share of the balance is surrendered to any Member that has outstanding regular budget obligations to the Organization, those obligations shall first be brought to account. Financial regulation 5.2(d) requires that any balance of the appropriations shall be adjusted against future assessments unless the General Conference decides otherwise.

(q) Other income:

(i) The net income from sales of publications is reported under revenue-producing activities. Gross income and related costs are disclosed in the note to the General Fund (note 2(b));

(ii) Refunds of expenditures charged to prior fiscal periods are credited to miscellaneous income;

(iii) Moneys accepted in respect of which no purpose is specified are treated as miscellaneous income;

(iv) Gain/loss on exchange arising from transactions in currencies other than euros, for the general and other Headquarters funds and revaluation of assets and liabilities held in local currencies;

(v) Gain/loss on exchange arising from transactions in currencies other than dollars (i.e. for the dollar-based extrabudgetary technical cooperation activities in annex II, dollar statements) and the revaluation of assets and liabilities held in local currencies. However, for the euro presentation of dollar-based extrabudgetary activities in annex II, euro statements, the gain/loss resulting from the revaluation of non-euro assets, liabilities, reserves and funds balances is shown as "other adjustments to reserves and funds balances" on statement 1;

(vi) Proceeds from the sale of surplus property are credited to the miscellaneous income of the respective funds.

(r) Technical cooperation accounts:

(i) The appropriations for the Regular Programme of Technical Cooperation (RPTC) are administered in accordance with the financial regulations of UNIDO, and in accordance with the General Conference decision mentioned in paragraph (o) above;

(ii) Allocation income—UNDP. The figures for allocation income from UNDP and UNDP trust funds are the same as reported for total expenditure in line with UNDP procedures, which require that allocations be adjusted to equal actual expenditure;

(iii) Contributions income—trust funds and Industrial Development Fund (IDF). Voluntary contributions from Governments or other donors are recorded upon receipt of cash. The

use of such contributions is governed by agreements between UNIDO and the Government/donor. Upon termination, expiration, or revision of an agreement or receipt of other instructions from the Government/donor, any surplus remaining in a trust/other funds is returned to the Government/donor or disposed of as requested by the Government/donor;

(iv) Interest and miscellaneous income. Interest income arising from the RPTC is credited to the General Fund; however, the miscellaneous income relating to the RPTC is credited to the special account. Interest income arising from the special account for Buildings Management is credited to that account, and finally prorated to the Vienna-based organizations taking into account the funds contributed by them and the date of receipt of such funds in the account. Interest income arising from UNDP activities are credited to the operating fund account maintained with that organization. Interest income arising from the Industrial Development Fund, other than the general-purpose segment, as well as the trust funds (effective 1 January 2002) relating to technical cooperation activities is credited to accounts payable until instructions regarding its disposal are received from the donor. Until 31 December 2001, such interest related to trust funds was credited to project balances. With the new policy, interest income on IDF and trust funds is dealt with in a consistent manner. Interest accrued under the general-purpose segment of the Industrial Development Fund is credited to that Fund;

(v) The criteria for recording and reporting unliquidated obligations against the current biennium for the RPTC are the same as those for the regular budget; however, as stated in paragraph (o) above, these obligations are not subject to financial regulations 4.2(b) that requires that obligations shall remain available for twelve months following the end of the fiscal period to which they relate. For all other technical cooperation fund sources, obligations may be reported as expenditure of the current year on the basis of the following criteria:

Personnel services

The cost of salaries and related expenses corresponding to services rendered within the calendar year. Personnel services, in this context, includes temporary assistance and overtime as well as consultants who have subscribed to Special Service Agreements. However, when the remuneration of the consultant is expressed as a lump sum rather than a sum per period worked, the full cost of the contract may be treated as an obligation of the current year.

Supplies and equipment

The full cost of contracts or purchase orders entered into prior to the end of the year, whether or not delivery has been effected, as long as there is budgetary provision in the current period.

Subcontracts

An obligation can be maintained on the basis of the payment schedule included in the signed contract with the contractor. Where no payment schedule exists, the basis is the estimated timing of payments.

Fellowships

The cost of the fellowship from the date of commencement of study to completion of study or 31 December, whichever is earlier. The fellow must have been placed, i.e. the fellowship awarded to a named individual and the place, course and the duration of the study established and the recipient Government notified.

Travel

The full cost of travel, including the cost of transportation, subsistence allowances and other incidental expenses if travel started prior to the end of the calendar year.

Group training

The cost of activities held in the current year. In the case of activities beginning in one year and continuing into the next, the full cost of the activity should be charged to the current year.

(vi) Unliquidated obligations for the current period in respect of all technical cooperation activities other than the regular budget remain valid for 12 months following the end of the year, rather than the biennium, to which they relate. However, in accordance with UNDP reporting requirements, executing agencies may retain unliquidated obligations beyond 12 months when a firm liability to pay still exists; such liabilities are reported as accounts payable in the financial statements. Savings on or the cancellation of obligations relating to the RPTC are credited to the special account approved by the General Conference. Savings on or the liquidation of prior period obligations in respect of all other technical activities are credited to individual projects as a reduction of current period expenditure in accordance with UNDP reporting requirements. The UNDP requirements are also applied in the case of the Industrial Development Fund and trust funds.

(s) Trust funds. Director-General's bulletin UNIDO/DG/B.18/Rev.1 dated 15 May 1992 sets out revised policies for establishing and managing trust funds with effect from 26 May 1992. Extrabudgetary funds provided to reimburse the Organization for the use of its facilities are excluded from the provisions of UNIDO/DG/B.18/Rev.1.

(t) Special account for programme support costs:

(i) Reimbursement for programme support costs is provided for in respect of extrabudgetary technical cooperation activities. Reimbursement is calculated as a percentage of programme resources expended. However, during 2002, for certain projects financed by the Global Environment Facility, support cost was provided as a lump sum amount, the income on these projects was recorded on the basis of the actual resources expended during the year as compared to the total budget for such projects. The Montreal Protocol Fund, under a new arrangement that became effective January 2003, will make an annual lump sum payment of $1.5 million as support cost for the implementation of its programme/projects; this amount will be recorded as current year income. The Fund will also pay a reduced support cost in respect of each of its projects, which, similar to most other technical cooperation activities will be calculated as a percentage of programme resources expended;

(ii) Under the UNDP successor arrangements for agency support services for programme and policy development (SPPD) as well as support for technical services (STS) are reimbursed at standard unit cost per work-month, whereas for administrative and operational services reimbursement is calculated at the rate of 10 per cent for all services;

(iii) In the financial statements of the Organization, the special account for programme support costs is shown separately from the inter-organization funds, from which its income derives;

(iv) Unliquidated obligations in respect of the special account for programme support costs are accounted for on the same basis as for the regular budget.

(u) *Ex-gratia* payments made in accordance with financial rule 109.13 are reported in the notes to the financial statements of the respective fund pursuant to financial regulation 9.3.

Note 2. General Fund and Working Capital Fund

(a) Assessed contributions

The General Conference approved an amount of €133,689,800 for the regular budget for 2002-2003 (GC.9/Dec.17) to be financed from contributions by Member States, one half of which (€66,844,900) was assessed to Member States for 2002, in accordance with financial regulation 5.1(c).

(b) Revenue-producing activities

Gross revenue from the sale of UNIDO publications was €76,482, one half of which (€38,241) was transferred to the sales publication revolving fund. Sales promotional activities and other costs charged to the sales publication revolving fund of €39,943 resulted in a net deficit for 2002 of €1,702. The net balance of the sales publication revolving fund as at 31 December 2002 is €134,175.

(c) Interest income in excess of the budgetary estimates

Interest income in excess of the budgetary estimate (€800,000) for the year 2002 is €119,851; actual amount, if any, due for distribution to eligible Member States will be determined at the end of the biennium. Pursuant to decision GC.8/Dec.10, this amount is added to accounts payable established for this purpose in 1999. As at 31 December 2002, the balance in this account was €587,348, out of which funds amounting to €418,214 were credited to eligible Member States, in accordance with the "S" curve formula, when their assessed contributions for the year 2003 were calculated. For the disposal of the remaining €49,283 (i.e. €587,348—€418,214—€119,851), the Organization is awaiting instructions from the eligible Members.

(d) Miscellaneous income

Of the total miscellaneous income, €517,841 arises through the re-charge of EDP facilities to UNOV and CTBTO.

(e) Staff costs

A fund was established to provide cushioning against fluctuations in the Van Breda premiums. However, prior to 2002, the practice of paying money into the reserve fund had stopped and the fund was not being used to absorb further increases. Pursuant to a request from the UNIDO Staff Council and the recommendation at the 287th meeting of the Joint Advisory Committee, it was decided to fully distribute this reserve on an equal basis. The fund had a balance of €472,215 shown as accounts payable as at 1 January 2002 to which €7,821 was credited as interest income, thus resulting in a total amount of €480,036. This distribution took place in 2002.

(f) Regular Programme of Technical Cooperation and IDDA supplementary activities

An amount of €4,985,785 was recorded as 2002 expenditures, which include €3,982,392 for RPTC and €1,003,393 for IDDA supplementary activities. Of the RPTC expenditures of €3,982,392, the amount of €1,669,533 was recorded as actual project expenditures under technical cooperation activities in 2002.

The remaining balance as at 31 December 2002 of €2,312,859 (€3,982,392—€ 1,669,533) is reported under other reserves. This balance as well the 2003 appropriations have been or are being programmed, and it is expected that most of these resources will be utilized during the biennium. These resources have been placed in a special account that is not subject to financial regulations 4.2(b) and 4.2(c), which means that any unspent allocation will not form part of the unencumbered balance of the appropriations at the end of the biennium (see paragraph 1(o) above).

(g) Prior biennium adjustments

The credit of €9,111 is attributable to an additional United States income tax claim submitted to the Government of the United States of America in respect of United States income tax reimbursed to a UNIDO staff member in 1996 and 1997 under the tax reimbursement agreement.

(h) Savings on or cancellation of obligations from the prior biennium

A €4,315,698 net saving arises from the cancellation of 2000-2001 obligations. This amount consists of savings on the cancellation of obligations from the prior biennium of €4,559,778 plus exchange gains resulting from the settlement of prior biennium dollar obligations of €214,447 less expenditures relating to the prior biennium of €458,527.

This saving is further reduced by an amount of €182,293 ($180,667) as a result of the reimbursement to the IDF. In December 2001, funds from the general-purpose segment of the IDF amounting to $245,667 were temporarily used to cover overexpenditures under the RPTC ($180,667) and the projects implemented from the unencumbered balances of the appropriations ($65,000). This situation resulted from over-programming aimed at ensuring full implementation of the approved programmes, as well as the revaluation of accounts required under the split-currency system of assessment (reference note 3(b) of document IDB.26/2-PBC.18/3). This amount disclosed under transfers to/from other funds, therefore, reduces the budgetary surplus from the 2000-2001 biennium by €182,293.

(i) Accounts receivable—other

Accounts receivable—other include the Organization's claim amounting to €955,784 submitted to the Government of the United States of America in respect of United States income tax reimbursed to UNIDO staff members during the period 1994 to 1996 under the Tax Reimbursement Agreement. The Government of the United States of America had communicated to the Organization that it acknowledges this debt; however, no payment was received during 2002.

The Organization's claim to the International Atomic Energy Agency under the cost-sharing agreement for termination indemnity costs for Buildings Management staff separated during the 1995 staff reduction exercise is not resolved. The amount claimed is $644,500 (€723,774 at the United Nations operational rate of exchange approved by the ninth session of the General Conference (GC.9/Dec.15)). A provision for a possible write-off of this receivable is included in accounts payable.

(j) Reserve for exchange rate fluctuations

In order to protect the Organization from exchange rate fluctuations resulting from the introduction of the euro as a single currency for the preparation of the programme and budgets, appropriation and assessment, collection of contributions and advances, and currency of accounts, the General Conference (GC.8/Dec.16) authorized the Director-General to establish a reserve, not subject to the provisions of financial regulations. The dollar requirements for 2002-2003 were calculated using the January to December 2000 average United Nations euro/dollar exchange rate, i.e. €1 = $0.925754 (reference PBC.17/3-IDB.24/3), or $1 = €1.0802006. In view of a stronger euro, it is expected that the reserve, which, at present, has a zero balance, will receive a credit during 2003. The amount that would be transferred to the reserve would be the difference between the euro value of actual dollars expended and the budgeted cost of these dollars. No amount was transferred to the reserve as at 31 December 2002. An adjustment for the 2002-2003 biennium will be made in December 2003.

(k) Assessed contributions received in advance

Assessed contributions totalling €1,111,821 were received from Member States to be applied against the 2003 assessment. This amount includes €686,272 resulting from the amount renounced by Japan from its shares of the unencumbered balances of the appropriations, income from new Member States and interest

income in excess of budgetary estimates to be credited to a number of Member States (reference GC.9/Dec.10).

(l) Borrowings

At the time UNIDO became a specialized agency, an interest-free loan of $16,000,000 was received from the United Nations. The loan is repayable at the rate of $1,000,000 a year, commencing in 1990. The total amount due as at 31 December 2002 amounts to $3,000,000 (€2,874,000 at the United Nations operational rate of exchange as at 31 December 2002).

(m) Working Capital Fund

(i) The amount of the Working Capital Fund was set by the General Conference at $9 million (GC.2/Dec.27). The level of the Fund was reduced to $6,750,000 (GC.6/Dec.16) for the biennium 1996-1997 and was further reduced to $6,610,000 for the biennium 1998-1999 (GC.7/Dec.12); $6,610,000 was approved for the biennium 2000-2001 (GC.8/Dec.14), and the biennium 2002-2003 (GC.9/Dec.13). Effective 1 January 2002, the amount ($6,610,000) was converted to euros in accordance with GC.9/Dec.15, resulting in a Working Capital Fund of €7,423,030;

(ii) The advances received from Member States amounted to €7,347,001, thus an amount of €76,029 was outstanding at year end, which is shown as "other contributions receivable".

(n) Revaluation of non-euro obligations

Non-euro 2002 obligations have been revalued as at 31 December 2002 at the United Nations operational rate of exchange, resulting in a reduction in expenditure of €271,665.

(o) Commitments

Commitments of €334,621 representing legal obligations for which disbursements will be made in future years, were entered into prior to 31 December 2002. Non-euro commitments have been revalued at the United Nations operational rate of exchange as at 31 December 2002.

(p) Surplus due to Member States

The following is an analysis of the surpluses due to Member States, expressed in millions of euros after application of the provision for the delay in the collection of assessed contributions. The provision represents contributions receivable from Member States and new Member States for prior bienniums at balance sheet date. In accordance with General Conference decision GC.9/Dec.10, surpluses due to Member States for the bienniums 1992-1993, 1996-1997 and 1998-1999, as well as income from new Member States were set aside pending receipt of Member States' intentions as to the use of their share. As at 31 December 2002, instructions had not been received from Member States in respect of surpluses of €911,151 and income from new Member States of €41,204. These amounts are reported under accounts payable—other. Also under accounts payable—other is an amount of €93,295 in respect of surpluses due to non-eligible Member States.

	Surplus	Disposal of surpluses	Surpluses applied to assessments	Prior biennium adjustments	Surpluses due for distribution	Provisions for delays in the collection of contributions	Surpluses due to Member States	Remarks
2002	8.4						8.4	Provisional
2000-2001	10.3					6.6	3.7	
1998-1999	14.7	2.1	2.0	0.5	0.7	8.9	0.5	
1996-1997 (GC.8/Res.4)	46.8	4.6	1.9	(0.4)	0.2	40.3	0.2	
1994-1995 (GC.7/Dec.17)	35.4	15.6		0.3		47.2	(27.7)	
1992-1993 (GC.6/Dec.15) (GC.8/Dec.10) (GC.8/Res.4)	16.5	11.7	2.5			2.2	0.1	
1990-1991	9.8					1.2	8.6	Retained - GC.5/Dec.14
1988-1989	7.3					0.2	7.1	Retained - GC.4/Dec.15
1986-1987 (GC.4/Dec. 15)	4.8	4.8					0.0	
	154.0	38.8	6.4	0.4	0.9	106.6	0.9	
Contributions from new Member States	1.9	0.2	1.1		0.1	0.2	0.3	
Total	**155.9**	**39.0**	**7.5**	**0.4**	**1.0**	**106.8**	**1.2**	

(q) Contributions in kind

Contributions in kind estimated at €211,390 were received from Member States in support of the UNIDO field offices.

(r) Other reserves

Other reserves comprise the following:

	€000's
Separation indemnity reserves	5,503.3
Sales Publication Revolving Fund	134.2
Special account for RPTC (2002)	2,312.9
	7,950.4

(s) Separation indemnity reserves

Pursuant to decision GC.6/Dec.15, paragraph (e), the amount of $9,546,732 representing the balance of appropriations for the biennium 1992-1993, which was actually received by the Organization, was transferred to a separation indemnity reserve in 1995. The reserve had effectively been reduced to $991,717 (€1,113,698) by payments made during the period 1995 to 2001 amounting to $8,555,015. No payments were made during the year 2002, thus the balance remained at €1,113,698. Pursuant to decision GC.7/Dec.17, the amount of $13.9 million was transferred from the unencumbered balance of the appropriations for the biennium 1994-1995 for the funding of the separation indemnity reserve to meet the cost of staff separations resulting from the 1998-1999 programme and budgets. Unlike the previous allocation from the 1992-1993 biennium, the allocation from the 1994-1995 biennium was not supported by the actual cash, as large arrears for this biennium exist. This reserve had effectively been reduced to $3,908,824 (€4,389,609) by payments made during the period 1998-2001 of $9,991,176. No payments were made during 2002, thus the balance remained at €4,389,609.

(t) Eliminations

Eliminations comprise three elements as shown below:

(a) Buildings Management Services costs charged to UNIDO. An amount of €2,736,800 is eliminated from both operating costs and contractual services to avoid double counting of UNIDO's contribution to Buildings Management Services;

(b) Expenditure of €2,672,900 on RPTC and IDDA supplementary activities is re-analysed into its component parts;

(c) Interfund balances are adjusted by €572,400 revaluation item arising on consolidation of technical cooperation activities into euro statements.

(u) Long-term contracts

Long-term contracts awarded for the operation of the VIC are not reported as commitments, as they may be terminated at any time without penalty.

(v) Non-expendable equipment

The following table shows the non-expendable equipment, at cost, expressed in millions of euros, according to the cumulative inventory records of UNIDO as at 31 December 2002. In accordance with UNIDO accounting policies, non-expendable equipment is not included in the fixed assets of the Organization, but is charged against the appropriations when acquired. The minimum euro value per item of non-expendable property is €1,500.

Balance as at 1 January 2002	14.1
Deduct: adjustment	-
Add: acquisitions during 2002	0.5
Deduct: disposals during 2002	1.3
Balance as at 31 December 2002	13.3

(w) Contingent liabilities

(i) End-of-service payment to staff

In accordance with the decision taken by the Panel of External Auditors in 1989 at Manila, UNIDO calculated the amounts required to cover the estimated costs of contingency liabilities for end-of-service payments as at 31 December 2002.

In line with United Nations accounting standards, liabilities for end-of-service payments comprise end-of-service allowance, repatriation grant and compensation for accrued annual leave. To provide a more realistic picture, the amount required for the removal of household goods has also been included with effect from 2002. The valuation is based on the standard salary scale and the entitlements defined in the staff regulations and rules, as well as taking into account the cost of staff separating during the year 2002. They are estimated to be:

Regular budget	€22.1 million
Operational budget	€ 5.5 million

Post-retirement benefits are excluded.

It should be noted that no budgetary provision has been made, except in the case of the operational budget, as reflected in statement II and note 3(g) (operating reserve). There is a contingency reserve of €4.83 million ($4.3 million), which was effectively reduced to €2.49 million by negative fund balances as at 31 December 2002 (see note 3(g)).

(ii) The United Nations Joint Staff Pension Fund

Pursuant to Article 26(a) of the Regulations and Rules of the United Nations Joint Staff Pension Fund, member organizations are obliged to pay in the sum necessary to make good the deficiency in the event that the actuarial valuation of the Fund shows that its assets may not be sufficient to meet its liabilities under these regulations. The United Nations Joint Staff Pension Fund Secretariat is to determine the potential liability of each member organization. In the report of the twenty-sixth actuarial valuation of the United Nations Joint Staff Pension Fund, the Consulting Actuary has assessed the actuarial sufficiency of the Fund, and that there is no requirement for deficiency payments under Article 26 of the Regulations of the Fund as at 31 December 2001. The next actuarial valuation would be on 31 December 2003.

(iii) After-service health insurance

Staff members (their spouses, dependent children or survivors) retiring from service under the Pension Fund regulations at age 55 or later are eligible for after-service health insurance coverage after having been a participant in a contributory health insurance scheme of the common system for at least 10 years. The same applies to staff members receiving compensation for disability under Appendix D to the staff rules. Costs of participation in this scheme are borne on the basis of joint contributions by UNIDO and the participants concerned.

During the year 2002, the Organization's contribution to the scheme amounted to €1,480,255. The contributions against the Buildings Management Services amounted to €282,478, which were cost-shared with other Vienna-based organizations. In accordance with Programme and Budget Committee conclusion 2000/2, an actuarial study to determine the financial impact of the after-service health insurance was carried out, which shows the present level of unfunded liabilities as at December 2002 to be €47.3 million. A United Nations system-wide solution is being sought. The lead agency on this issue, established by the High-Level Committee on Management, Financial and Budget Network, is the United Nations.

(x) Common Fund for Major Repairs and Replacements

On 1 January 1981, an agreement between the Republic of Austria, the United Nations, and IAEA went into effect to establish a common fund for the purpose of financing the cost of major repairs and replacements of buildings, facilities and technical installations, which are the property of the Republic of Austria and form part of the Headquarters areas of the United Nations and IAEA at the Vienna International Centre. This agreement has also applied to UNIDO since 1986, when it became a specialized agency. The Fund is administered by UNIDO through a joint committee. Annual financial statements are prepared by UNIDO and audited by its Internal Oversight Group. The liability of each of the three Vienna-based organizations, which was under the agreement limited to $150,000 per year, i.e. $25,000 as an annual contribution and up to $125,000 as reimbursement of approved expenditures incurred in the previous year, was increased to $325,000 as of 1 January 1996. The Republic of Austria was liable to pay the balance exceeding the combined limit of $900,000 established for the three United Nations organizations. In 1999, an agreement was reached between the Vienna-based organizations and CTBTO to share the annual contribution as well as the annual expenditure equally among the four of them, i.e. $18,750 as an annual contribution and up to $225,000 as reimbursement of approved expenditure incurred in the previous year.

In 2002, an agreement was reached between the Vienna-based organizations and the Republic of Austria under which reimbursement of the disbursements made during the year 2001 ($988,626) was not required. Under this agreement, there will only be annual assessed contributions to the Fund as follows: the Republic of Austria (€1,235,300) and the Vienna-based organizations (€1,235,300). Furthermore, unexpected major repairs and replacements, which are not included in the agreed investment plan, will have to be shared by all parties. In the past, such costs were fully absorbed by the Austrian Government.

The Fund balance as at 31 December 2002 is €1,853,431.

Note 3. Other Headquarters funds

(a) Funds reported under this heading comprise:

(i) Special Account for Programme Support Costs;

(ii) Computer Model for Feasibility Analysis and Reporting (COMFAR);

(iii) Buildings Management Services (BMS).

(b) With effect from 1 January 2002, the General Conference approved BMS as a separate, self-balancing major programme in the programme and budgets for 2002-2003 (GC.9/Dec.17). All BMS expenditures are offset by income, i.e. contributions received from other Vienna-based organizations and from UNIDO. Consequently, under the UNIDO General Fund, only UNIDO's share of the BMS operations is included (reference IDB.24/3-PBC.17/3). In view of the above, BMS is reported under other funds rather than under General Fund and Working Capital Fund for the first time in 2002. The General Fund and Working Capital Fund now show only UNIDO's contribution to BMS costs. BMS operations are further split into two components:

(i) Staff costs: This continues to be subject to the provisions of financial regulations 4.2(b) and 4.2(c);

(ii) Special account for Buildings Management Services (for other than staff costs): The ninth session of the General Conference (GC.9/Dec.14) established with effect from January 2002 a special account for BMS (for other than staff costs), which is not subject to financial regulations 4.2(b) and 4.2(c). Thus the budgetary surplus, if any, will not require distribution to Member States. Each Vienna-based organization (UNIDO, IAEA, UNOV and CTBTO) is required to pay its share into this account. Interest income is credited to

the account. This amount is then prorated to each Vienna-based organization taking into account the funds contributed by it and the date of receipt of such funds in the special account.

Additional analysis of BMS operations is provided in schedule 4.1–supplementary and the analysis on the special account is provided in annex IV. The surplus on the special account for BMS costs of €4,386,485 does not form part of the unencumbered balances of the appropriations due to Member States at the end of the biennium.

(c) Voluntary contributions

Voluntary contributions include €186,481 renouncements as income from Member States to the special account for programme support costs (reference decision GC.9/Dec.10, through which the General Conference strongly encouraged Member States to consider renouncing their shares of the unencumbered balances of appropriations, income from new Member States and interest income in excess of budgetary estimates for the regular budget and/or for technical cooperation activities).

(d) Currency adjustment

The €744,276 exchange difference results primarily from the revaluation of the United States dollar cash and term deposits held by the special account for programme support costs.

(e) Net excess (shortfall) of income over expenditure

The following is an analysis of income and expenditure during 2002 for the funds reported under this heading:

Table 1

	Special account for programme support costs	Computer Model for Feasibility and Analysis	Buildings Management Services	Total
	(In thousands of euros)			
Income (including savings on cancellation of obligations from prior biennium)	10,170.7	324.1	17,950.7	28,445.5
Expenditure (including loss on exchange)	11,029.8	392.6	13,560.8	24,983.2
Net (shortfall) of income over expenditure	(859.1)	(68.5)	4,389.9*	3,462.3

* €4,386,485 relates to the special account (see annex IV).

(f) Other adjustments to reserves and fund balances

Commencing 2002, sales income under the Computer Model for Feasibility and Analysis is accounted for on a receipt rather than on an accrual basis, reflecting the fact that the initial invoices issued upon a sales enquiry are proforma. The fund balance is adjusted by €38,482 ($34,267) in respect of 'proforma' debtors from prior years still outstanding as at 31 December 2002.

(g) Operating reserve

An operating reserve, established in respect of the special account for programme support costs in accordance with PBC conclusion 1989/4 at $5,504,190 was reduced to $4,300,000 (€4,828,900) in accordance with Board decision IDB.14/Dec.12. The net reserve of $1,616,453 brought forward from 1999 was effectively increased by the positive fund balance of $1,362,457 for 2000-2001 to $2,978,910 (€3,345,316).

The reserve as at 31 December 2002 amounted to €2,486,203 (the opening balance of €3,345,316 less the 2002 deficit of €859,113).

(h) Commitments

Commitments, representing legal obligations for which disbursements will be made in future years, were entered into prior to 31 December 2002 as below. Non-euro commitments have been revalued at the United Nations rate of exchange as at 31 December 2002.

	€000's
Special account for programme support costs	81.1
Computer Model for Feasibility and Analysis	41.4
Buildings Management Services	7.8

(i) Revaluation of non-euro obligations

Non-euro 2002 obligations have been revalued as at 31 December 2002, resulting in a reduction in expenditure as follows:

	€000's
Special account for programme support costs	72.9
Buildings Management Services	1.0

(j) Contributions in kind

Contributions in kind estimated at €23,011 were received from Member States in support of UNIDO projects.

The net reserve as at 31 December 2002 amounted to €2,486,203. The deficit for 2002 amounted to €859,113.

Note 4. Technical cooperation

(a) Technical cooperation activities

Technical cooperation activities reported under this heading comprise activities executed by UNIDO with funds provided through the Industrial Development Fund, trust funds and inter-organization arrangements with UNDP and other organizations, as well as the special account for the implementation of integrated programmes from the unencumbered balances of the appropriations (GC.8/Res.4). These activities are governed by various agreements signed by the two parties, i.e. donor(s) and UNIDO.

(b) Euro presentation of technical cooperation activities

The significant majority of voluntary contributions are received in United States dollars for projects programmable almost exclusively in that currency. Currently, donor reporting is also undertaken in United States dollars (GC.9/Dec.15).

However, in order to present consolidated financial statements (Statements I and II) of UNIDO for the year ending 31 December 2002, all technical cooperation activities required conversion to euros.

Annex II, tables 1 and 2 are, therefore, provided in both United States dollars and euros.

The approach for preparing the euro statement is based on the following:

(i) Non-euro income, expenditure and changes in reserves and fund balances—other than as highlighted below—will be stated at the equivalent amount of euros applicable as at the deemed date of the transaction applying the United Nations operational rate of exchange as at that date;

(ii) Non-euro assets, liabilities, reserves and fund balances as at 31 December 2002 will be converted to a euro equivalent using the United Nations operational rate of exchange as at 31 December 2002 (reference GC.9/Dec.15);

(iii) The reserves and fund balances at the beginning of 2002 are based on the opening United States dollar values converted at a rate of US$1= €1.123 (GC.9/Dec.15);

(iv) The currency exchange adjustment figure essentially represents the realized gain or loss on non-euro transactions during the year and the savings achieved in 2002 on the liquidation of prior year United States dollar obligations;

(v) The 'Other adjustments to reserves and fund balances' figure is the gain or loss that would result from the revaluation of all non-euro assets, liabilities, reserves and fund balances to euros using the United Nations operational rate of exchange as at 31 December 2002.

(c) Separate disclosure of Montreal Protocol

For 2002, Montreal Protocol is disclosed separately in annex II. Previously, this had been combined with the statement for the Industrial Development Fund.

(d) Common Funds for Commodities

For 2002, these funds are correctly reported as part of trust funds and not the Industrial Development Fund. The transfer of the cumulative fund balance of $450,875 (€506,333) is reported within transfers to and from other funds.

(e) Interest on donor funds

For the Industrial Development Fund, other than the general pool, and from 2002 for trust funds, interest earned from the investment of funds, net of bank charges and realized exchange gain or loss, is represented as a liability within "Accounts payable—other". As at 31 December 2002, the amounts were as follows:

	US$000's	€000's
Industrial Development Fund	7,348.6	7,040.0
Trust funds	1,053.6	1,009.3
	8,402.2	8,049.3

The disposal of the interest income is governed by agreements with donors. This may include the return of such funds or the transfer of such funds to other projects, in which case they will be shown as voluntary contributions.

Prior to 2002, trust fund interest income, exchange gain or loss and bank charges would have been disclosed under "Other income". The new presentation more appropriately reflects the nature, legal status

and the timing as to when such amounts are considered additional programmable funds. The adoption of this policy has resulted in 2002 trust fund income being reported $1,053,600 less than it would have been under the previous policy ($1,635,000 for 2001).

Notwithstanding the above, interest income recorded under trust funds for 2002 principally relates to an adjustment for prior year interest on a project, which in 2001 was shown under the Montreal Protocol (part of the Industrial Development Fund).

Negative interest income recorded under the Global Environment Facility (GEF) in 2002 relates to an adjustment from 2001. GEF interest, net of bank charges, is recorded as a liability under "Accounts payable—other" ($162,400/€155,600 as at 31 December 2002).

(f) Unrealized exchange gains and losses

In accordance with the United Nations System Accounting Standards, monetary assets and liabilities are revalued at the United Nations operational rate of exchange in effect at 31 December 2002.

For the Industrial Development Fund and trust funds, the resultant unrealized gain is not distributed to donors as per (e) above on the grounds of prudence. These amounts, arising principally from the revaluation of euro cash and term deposits, are set aside within "Accounts payable—other" as follows:

	US$000's	€000's
Industrial Development Fund	673.8	645.5
Trust funds	2,187.7	2,095.8
	2,861.5	2,741.3

(g) Currency exchange adjustment

(i) Annex II, table 1 – US dollar statements

Table A shows the analysis of the currency exchange credit. A distinction is drawn between realized gains and losses resulting through the conduct of transactions in other than United States dollars and unrealized gains and losses resulting from the re-statement of non-United States dollar assets and liability values to an equivalent dollar value as at 31 December 2002.

For these funds, where contributions are received, programmed and disbursed almost exclusively in United States dollars, any unrealized gains or losses from the revaluation of non-United States dollar assets and liabilities, are recorded through table 1 and the programmable fund balance adjusted accordingly.

Table A

	Regular Programme	Montreal Protocol	GEF	Total
	(In thousands of US dollars)			
Realized On 2002 transactions	0.9	(5.2)	(0.1)	(4.4)
Unrealized Revaluation of non-US dollar assets and liabilities at 31 December 2002	1.2	6.9	3.8	11.9
Currency exchange adjustment	2.1	1.7	3.7	7.5

(ii) Annex II, table 1—euro statements

Table B shows the analysis of the currency exchange credit. A distinction is drawn between realized gains and losses resulting through the conduct of transactions in other than euros and the savings resulting from the 2002 settlement of United States dollar obligations from prior years at a different euro rate of exchange.

Table B

	Regular Programme	IDF	Montreal Protocol	GEF	Trust fund	Special account for IPs	Total
	(In thousands of euros)						
Realized On 2002 transactions	(3.3)		(6.4)	(0.1)			(9.8)
Euro savings on prior year US$ obligations		304.5	490.3	(3.0)	238.7	57.8	1,088.3
Currency exchange adjustment	(3.3)	304.5	483.9	(3.1)	238.7	57.8	1,078.5

(h) Transfers to reserves

This represents the charge to projects in respect of the provision for compensation payments under Appendix D to the staff rules.

(i) Reimbursement of the Industrial Development Fund

In December 2001, funds from the general-purpose segment of the Industrial Development Fund amounting to $245,667 were temporarily used to cover overexpenditures under the Regular Programme of Technical Cooperation ($180,667) and the projects implemented from the unencumbered balances of the appropriations ($65,000). This situation resulted from over-programming aimed at ensuring full implementation of the approved programmes, as well as the revaluation of accounts required under the split-currency system of assessment (reference document IDB.26/2-PBC.18/3).

During 2002, the Industrial Development Fund has been fully reimbursed with these funds from the savings realized on the cancellation of obligations, the transfer being reported within transfers to and from other funds.

(j) Cash and term deposits

Of the $171,102,200 (€163,916,000) cash balance, the equivalent of $1,949,100 (€1,867,200) is held in currencies classified as non-convertible, as follows:

	US$000's	€000's
Industrial Development Fund	1,377.7	1,319.8
Trust funds	552.5	529.3
Inter-organization arrangements	18.9	18.1
	1,949.1	1,867.2

(k) Operating reserves

The Industrial Development Board, in decision IDB.2/Dec.7, authorized the freezing of the operational reserve of the Industrial Development Fund at $550,000 (€526,900 at the United Nations rate of exchange as at 31 December 2002).

(l) Commitments

Commitments, representing legal obligations for which disbursements will be made in future years, were entered into prior to 31 December 2002, as below. Non-United States dollar commitments have been revalued at the 31 December 2002 United Nations rate of exchange:

	US$000's	€000's
Industrial Development Fund	4,065.4	3,894.7
Montreal Protocol	5,336.8	5,112.6
Global Environment Facility	3,749.7	3,592.2
Trust funds	3,718.5	3,562.3
Inter-organization arrangements	1,862.7	1,784.5
	18,733.1	17,946.3

Payments of $155,438 (€148,909) made in 2002 against future commitments are recorded as deferred expenditure under "Other assets".

(m) Revaluation of non-United States dollar obligations

Non-United States dollar 2002 obligations within technical cooperation (excluding inter-organization arrangements) have been revalued as at 31 December 2002. Expenditure is increased as follows:

	US$000's
Regular Programme of Technical Cooperation	8.0
Industrial Development Fund	44.8
Montreal Protocol	17.8
Global Environment Facility	2.6
Trust funds	49.5
	122.7

The revaluation was not reflected in an additional programme support cost, but the amounts were considered immaterial.

(n) Contributions in kind

Contributions in kind estimated at $60,856 (€58,300) were received from Member States in support of UNIDO projects and $6,200 (€5,940) in support of project travel.

(o) *Ex-gratia* payments

No *ex-gratia* payments were made in 2002.

(p) Field IOVs

The backlog amounting to $9,192,315 of unprocessed field inter-office vouchers as at 31 December 2001 was reduced to $3,697,328. This represents a normal amount of backlog, which results from the time required by the UNDP field offices to submit field inter-office vouchers to UNIDO and the need to process these in accordance with UNIDO's financial regulations, rules and other administrative instructions.

Note 5. Self-liquidating commercial activities (annex I)

VIC Catering Services

Contingency liabilities for termination benefits and indemnities claimed by the previous caterer (EUREST) were the subject of ongoing arbitration. An agreement was reached in February 2003 under which the previous caterer was paid an amount of €519,611 (excluding VAT) as a final settlement of all claims against the Vienna-based organizations. Funds were available within the old catering account to meet this obligation.

Non-expendable equipment used by the VIC Catering Services has been purchased by UNIDO on behalf of the Vienna-based organization. New non-expendable equipment in the amount of €219,433 was purchased in the year 2002. According to cumulative inventory records, the total value of such equipment amounts to €1,882,642. In accordance with agreements regarding the operation of the VIC, 82.68 per cent of the value of equipment acquired during 2002 was recovered from other agencies. The equipment has been used by the new caterer (WIWAG) since January 2000.

Details of the self-liquidating commercial activities are shown in the notes to the financial statements, annex I.

Notes to the financial statements—Annex I

SELF-LIQUIDATING COMMERCIAL ACTIVITIES

(Expressed in euros)

Table 1. VIC Catering Services —WIWAG

Statement of income and expenditure for the year ended 31 December 2002

Income		
	Gross sales	4,217,604
	Less: Cost of goods sold	1,442,791
	Net income from sales	2,774,813
	Other income	90,396
	Total income	2,865,209
Expenditure		
	Personnel services	2,157,275
	2002 variable management fee due to caterer	320,251
	Other	352,099
	Total expenditure	2,829,625
Excess (shortfall) of income over expenditure		35,584

Statement of assets and liabilities as at 31 December 2002

Assets		
	Cash	428,641
	Accounts receivable (including advances from old catering operation)	447,970
	Inventory	60,875
	Total assets	937,486
Liabilities and Reserves		
	Accounts payable	825,857
	Provision for replacement of expendable supplies	31,059
	Total liabilities	856,916
Fund balance		
	Balance available 1 January 2002	359,672
	Deduct: Transfer to caterer for 2001	314,686
		44,986
	Add: Excess of income over expenditure for 2002	35,584
	Balance available 31 December 2002	80,570
	Total liabilities and fund balance	937,486

Note: From 2002, 90 per cent of surplus due to caterer shown as expenditure and accounts payable rather than part of fund balance.

Table 2. VIC Catering Services —Eurest

Statement of income and expenditure for the year ended 31 December 2002

(Expressed in euros)

Income	
Gross sales	0
Less: Cost of goods sold	0
Net income from sales	0
Other income	15,543
Total income	15,543
Expenditure	
Personnel services	0
Other	70,295
Total expenditure	70,295
Excess (shortfall) of income over expenditure	(54,752)

Statement of assets and liabilities as at 31 December 2002

Assets	
Cash	333,690
Accounts receivable	36,862
Interest receivable	225
Advances to the new catering operation	350,000
Total assets	720,777
Liabilities	
Accounts payable	32,354
Total liabilities	32,354
Fund balance	
Balance available 1 January 2002	743,175
Add: Excess (shortfall) of income over expenditure	(54,752)
Balance available 31 December 2002	688,423
Total liabilities and fund balance	720,777

Notes to the financial statements—Annex II

TECHNICAL COOPERATION ACTIVITIES EXECUTED BY UNIDO

Table 1. Combined statement of income and expenditure and charges in reserves and fund balances for the year ended 31 December 2002

(In thousands of euros)

	Regular Programme	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter-organization arrange-ments	Special Account for Integrated Programmes	*Subtotal Extra-budgetary Funds*	Total
INCOME									
Assessed contributions									
Voluntary contributions		25,304.0	28,337.6	9,580.4	23,557.4			*86,779.4*	86,779.4
Other income									
- Funds received under inter-organization arrangements						10,461.7		*10,461.7*	10,461.7
- Allocations from other funds	1,667.2								1,667.2
- Interest income		44.7	741.2	(11.7)	204.0			*978.2*	978.2
- Currency exchange adjustments	(3.3)	304.5	483.9	(3.1)	238.7		57.8	*1,081.8*	1,078.5
- Miscellaneous	3.8	0.2	(8.9)					*(8.7)*	(4.9)
TOTAL INCOME	1,667.7	25,653.4	29,553.8	9,565.6	24,000.1	10,461.7	57.8	*99,292.4*	100,960.1
EXPENDITURE									
Salaries and common staff costs	727.4	13,309.1	1,711.9	1,048.9	10,398.7	3,772.0		*30,240.6*	30,968.0
Contractual services	203.6	1,205.6	19,187.7	3,505.6	3,519.0	769.4		*28,187.3*	28,390.9
Operational expenses	77.5	999.1	383.2	33.3	836.9	376.9		*2,629.4*	2,706.9
Acquisitions	407.2	1,784.0	6,393.2	17.5	3,892.1	4,331.4		*16,418.2*	16,825.4
Fellowships	252.0	1,615.4	185.7	70.0	1,375.2	500.7		*3,747.0*	3,999.0
Programme support costs		2,394.6	3,431.2	467.5	2,196.7	711.3		*9,201.3*	9,201.3
TOTAL EXPENDITURE	1,667.7	21,307.8	31,292.9	5,142.8	22,218.6	10,461.7		*90,423.8*	92,091.5
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		4,345.6	(1,739.1)	4,422.8	1,781.5		57.8	*8,868.6*	8,868.6
Prior biennium adjustments									
Provision for delay in collection of contributions									
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		4,345.6	(1,739.1)	4,422.8	1,781.5		57.8	*8,868.6*	8,868.6
Savings on or cancellation of prior biennium's obligations							293.9	*293.9*	293.9
Transfers to reserves		66.1	4.8	5.6	42.0			*118.5*	118.5
Transfers from reserves									
Transfers to/from other funds		506.3			(506.3)		(65.6)	*(65.6)*	(65.6)
Credits to Member States									
Other adjustments to reserves and fund balances		(8,796.2)	(7,338.7)	(1,634.2)	(6,457.2)		(69.7)	*(24,296.0)*	(24,296.0)
Reserves and fund balances, beginning of year		48,317.9	34,668.9	7,074.5	34,729.2		(0.7)	*124,789.8*	124,789.8
RESERVES AND FUND BALANCES, END OF YEAR		44,439.7	25,595.9	9,868.7	29,589.2		215.7	*109,709.2*	109,709.2

Table 1. Combined statement of income and expenditure and changes in reserves and fund balances for the year ended 31 December 2002

(In thousands of United States dollars)

	Regular Programme	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter-organization arrangements	Special Account for Integrated Programmes	*Subtotal Extra-budgetary Funds*	Total
INCOME									
Assessed contributions									
Voluntary contributions		23,522.1	26,268.8	9,065.9	21,883.4			*80,740.2*	80,740.2
Other income									
- Funds received under inter-organization arrangements						10,543.6		*10,543.6*	10,543.6
- Allocations from other funds	1,630.8								1,630.8
- Interest income		46.6	682.9	(10.5)	202.1			*921.1*	921.1
- Currency exchange adjustments	2.1		1.7	3.7				*5.4*	7.5
- Miscellaneous	3.6	0.2	(8.7)					*(8.5)*	(4.9)
TOTAL INCOME	1,636.5	23,568.9	26,944.7	9,059.1	22,085.5	10,543.6		*92,201.8*	93,838.3
EXPENDITURE									
Salaries and common staff costs	717.8	12,874.2	1,650.2	1,021.0	10,076.9	3,711.5		*29,333.8*	30,051.6
Contractual services	202.3	1,205.2	19,287.3	3,476.9	3,417.7	766.5		*28,153.6*	28,355.9
Operational expenses	76.2	984.4	380.5	34.0	830.8	385.2		*2,614.9*	2,691.1
Acquisitions	381.4	1,768.6	6,345.2	17.7	3,933.1	4,492.2		*16,556.8*	16,938.2
Fellowships	258.8	1,617.7	185.5	70.7	1,381.0	503.3		*3,758.2*	4,017.0
Programme support costs		2,269.7	3,254.0	442.4	2,073.7	684.9		*8,724.7*	8,724.7
TOTAL EXPENDITURE	1,636.5	20,719.8	31,102.7	5,062.7	21,713.2	10,543.6		*89,142.0*	90,778.5
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		2,849.1	(4,158.0)	3,996.4	372.3			*3,059.8*	3,059.8
Prior biennium adjustments									
Provision for delay in collection of contributions									
NET EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE		2,849.1	(4,158.0)	3,996.4	372.3			*3,059.8*	3,059.8
Savings on or cancellation of prior biennium's obligations							290.7	*290.7*	290.7
Transfers to reserves		62.2	4.4	5.2	39.6			*111.4*	111.4
Transfers from reserves									
Transfers to/from other funds		450.9			(450.9)		(65.0)	*(65.0)*	(65.0)
Credits to Member States									
Other adjustments to reserves and fund balances									
Reserves and fund balances, beginning of year		43,025.8	30,871.7	6,299.7	30,925.3		(0.6)	*111,121.9*	111,121.9
RESERVES AND FUND BALANCES, END OF YEAR		46,388.0	26,718.1	10,301.3	30,886.3		225.1	*114,518.8*	114,518.8

Table 2. Combined statement of assets, liabilities, and reserves and fund balances as at 31 December 2002

(In thousands of euros)

	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter-organization arrangements	Special Account for Integrated Programmes	Total 2002
ASSETS							
Cash and term deposits	57,805.0	47,522.4	10,903.1	40,301.8	7,383.7		163,916.0
Investments							
Accounts receivable							
Assessed contributions receivable from Member States							
Voluntary contributions receivable							
Other contributions receivable					6,057.7		6,057.7
Less provision for delay in collection of contributions							
Interfund balances	310.1		802.9	598.7	2,585.5	217.8	4,515.0
Other	321.4	162.1	36.9	277.3	2,928.4		3,726.1
Other assets	135.6	46.0	17.2	90.4	4,523.6		4,812.8
TOTAL ASSETS	58,572.1	47,730.5	11,760.1	41,268.2	23,478.9	217.8	183,027.6
LIABILITIES							
Payments or contributions received in advance					13,015.0		13,015.0
Unliquidated obligations	4,675.5	12,833.5	1,717.2	6,343.9	5,983.9		31,554.0
Accounts payable							
Interfund balances		2,012.4					2,012.4
Other	9,456.9	7,288.7	174.2	5,335.1	4,480.0	2.1	26,737.0
Other funds and special accounts							
Other liabilities							
TOTAL LIABILITIES	14,132.4	22,134.6	1,891.4	11,679.0	23,478.9	2.1	73,318.4
RESERVES AND FUND BALANCES							
Operating reserves	526.9						526.9
Other reserves	1,201.2	4.2	5.0	1,053.0			2,263.4
Balances relating to projects funded by donors	40,095.7	25,591.7	9,863.7	28,536.2			104,087.3
Working capital funds							
Surplus (deficit)	2,615.9					215.7	2,831.6
TOTAL RESERVES AND FUND BALANCES	44,439.7	25,595.9	9,868.7	29,589.2		215.7	109,709.2
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	58,572.1	47,730.5	11,760.1	41,268.2	23,478.9	217.8	183,027.6

Table 2. Combined statement of assets, liabilities, and reserves and fund balances as at 31 December 2002

(In thousands of United States dollars)

	Industrial Development Fund	Montreal Protocol	GEF	Trust Fund	Inter-organization arrangements	Special Account for Integrated Programmes	Total 2002
ASSETS							
Cash and term deposits	60,339.2	49,605.8	11,381.1	42,068.7	7,707.4		171,102.2
Investments							
Accounts receivable							
Assessed contributions receivable from Member States							
Voluntary contributions receivable							
Other contributions receivable					6,323.3		6,323.3
Less provision for delay in collection of contributions							
Interfund balances	323.7		838.1	624.9	2,698.8	227.3	4,712.8
Other	335.5	169.2	38.5	289.4	3,056.8		3,889.4
Other assets	141.6	48.0	18.0	94.4	4,721.9		5,023.9
TOTAL ASSETS	61,140.0	49,823.0	12,275.7	43,077.4	24,508.2	227.3	191,051.6
LIABILITIES							
Payments or contributions received in advance					13,585.6		13,585.6
Unliquidated obligations	4,880.5	13,396.1	1,792.5	6,622.1	6,246.2		32,937.4
Accounts payable							
Interfund balances		2,100.6					2,100.6
Other	9,871.5	7,608.2	181.9	5,569.0	4,676.4	2.2	27,909.2
Other funds and special accounts							
Other liabilities							
TOTAL LIABILITIES	14,752.0	23,104.9	1,974.4	12,191.1	24,508.2	2.2	76,532.8
RESERVES AND FUND BALANCES							
Operating reserves	550.0						550.0
Other reserves	1,253.9	4.4	5.2	1,099.1			2,362.6
Balances relating to projects funded by donors	41,853.6	26,713.7	10,296.1	29,787.2			108,650.6
Working capital funds							
Surplus (deficit)	2,730.5					225.1	2,955.6
TOTAL RESERVES AND FUND BALANCES	46,388.0	26,718.1	10,301.3	30,886.3		225.1	114,518.8
TOTAL LIABILITIES, RESERVES AND FUND BALANCES	61,140.0	49,823.0	12,275.7	43,077.4	24,508.2	227.3	191,051.6

Table 3. Summary of transactions on sub-accounts of the Industrial Development Fund for the year ended 31 December 2002

(In United States dollars)

	Fund balance as at 01/01/2002	Cash received 2002	Expenditures 2002	Misc. income incl. General Pool interest	Fund balance as at 31/12/2002
General-purpose convertible	2,130,010	1,381,909	828,202	46,821	**2,730,539**
Agence de Coopération Culturelle et Technique	44,292	0	28,749	0	**15,543**
Agence Wallonne à l'Exportation	223,679	237,602	201,469	0	**259,811**
Australia	2,923	120	2,996	0	**48**
Austria	3,071,767	2,647,662	1,756,496	200	**3,963,133**
Austria—Integrated Programme	1,043,477	209,540	349,328	0	**903,689**
Bahrain	82,448	645,587	430,487	0	**297,549**
Belgium	824,477	46,768	244,546	0	**626,699**
Brazil	147,931	0	70,409	0	**77,522**
China	1,133,318	508,156	131,038	0	**1,510,436**
Costa Rica	(660)	660	0	0	**0**
Côte d'Ivoire	(109,207)	589	0	0	**(108,618)**
Czech Republic (Ministry of Agriculture)	179,314	37,278	42,894	0	**173,698**
Czech Republic (Ministry of Trade and Industry)	28	0	0	0	**28**
Democratic People's Republic of Korea	34,319	6,471	0	0	**40,790**
Denmark	4,717,856	1,412,064	1,467,742	0	**4,662,178**
Ecuador	0	1,901	0	0	**1,901**
Egypt	(101,718)	0	0	0	**(101,718)**
Finland	172,190	66,546	22,637	0	**216,099**
France (Ministère des Affaires Etrangèr)	386,744	1,114,487	1,066,411	0	**434,820**
France (Ministère d'Agriculture)	846,043	26,442	42,993	0	**829,492**
Germany	517,910	(51,610)	8,989	(7)	**457,304**
Germany—Deutsche Gesellschaft für Technische Zusammenarbeit	0	279,320	66,463	0	**212,857**
Greece	573,021	293,092	474,665	0	**391,448**
Guatemala	560,125	284,450	315,950	300	**528,926**
Honduras	39,682	(39,682)	0	0	**0**
Hungary	623,578	242,932	376,274	0	**490,236**
India	1,945,303	1,192,671	273,713	0	**2,864,261**
Ireland	70,811	7,674	46,975	0	**31,510**
Italy	8,994,962	3,330,095	4,102,427	0	**8,222,629**
Japan	2,967,637	90,164	2,197,032	0	**860,769**
Japan Overseas Development Corporation, Bangkok	0	23,000	22,576	0	**424**
Kuwait	129,209	4,144	28,241	0	**105,112**
Kuwait Institute	(279)	0	0	0	**(279)**
Lebanon	0	601	0	0	**601**
Luxembourg	3,056	406,869	430,797	0	**(20,872)**
Myanmar	0	577	0	0	**577**
Netherlands	1,825,413	(281,689)	410,564	(1,388)	**1,131,773**
New Zealand	32,657	1,306	0	0	**33,963**
Norway	156,049	26,458	0	0	**182,507**
Norway—Integrated Programme	477,911	0	257,467	0	**220,444**
Poland	146,779	425,774	463,966	0	**108,587**

	Fund balance as at 01/01/2002	Cash received 2002	Expenditures 2002	Misc. income incl. General Pool interest	Fund balance as at 31/12/2002
Portugal	903,576	360,491	0	0	**1,264,067**
Republic of Korea	1,015,118	441,182	120,257	0	**1,336,043**
Rockefeller Foundation	(335)	0	(2,402)	0	**2,067**
Romania	0	13,434	0	0	**13,434**
Russian Federation	0	352,450	0	0	**352,450**
Rwanda	0	350	0	0	**350**
Saudi Arabia	1,347,206	55,289	(6,662)	0	**1,409,157**
Slovakia	121,133	63,945	124,119	0	**60,959**
Spain	982,800	704,038	173,317	0	**1,513,520**
Sweden	0	113,025	26,686	0	**86,339**
Switzerland	994,442	4,998,102	3,091,144	3,296	**2,904,696**
Thailand	7,729	11,134	13,952	0	**4,911**
Turkey	37,813	205	38,034	0	**(16)**
United Kingdom—Integrated Programme	1,464,275	1,539,386	845,772	0	**2,157,888**
Undetermined	(134,773)	0	808	125,126	**(10,455)**
Venezuela	61	(61)	0	0	**0**
Total special-purpose convertible	38,502,092	21,850,986	19,759,319	127,527	**40,721,286**
China	104,507	9,420	44,714	0	**69,213**
Cuba	349,148	0	0	0	**349,148**
Czech Republic (Ministry of Foreign Affairs)	(3,593)	0	0	0	**(3,593)**
Egypt	(45,546)	0	0	0	**(45,546)**
Egyptian Iron and Steel Co.	31,942	0	0	0	**31,942**
India	492,656	33,133	(8,978)	0	**534,767**
Poland	44,714	0	0	0	**44,714**
Romania	183	0	0	0	**183**
Russian Federation	(2,613)	0	0	0	**(2,613)**
Slovakia	129,999	119,163	96,535	0	**152,627**
Technology Information, Forecasting and Assessment Council, New Delhi	388	0	0	0	**388**
Turkey	753	0	0	0	**753**
Undetermined	295	0	0	0	**295**
Total special-purpose non-convertible	1,102,833	161,716	132,271	0	**1,132,278**
GRAND TOTAL	41,734,935	23,394,611	20,719,791	174,348	**44,584,103**

Note to the above:

(a) From 2002, Montreal Protocol is reported separately in Annex II and not part of the IDF (see note 4(c)).

(b) For 2002, Common Funds for Commodities are reported as part of trust funds and not part of the IDF (see note 4(d)).

Table 4. Summary of technical cooperation activities financed by trust funds for the year ended 31 December 2002

(In United States dollars)

	Fund Balance 01/01/2002	Contributions received and miscellaneous income 2002	Expenditures 2002	Fund Balance 31/12/2002
Projects financed by recipient Governments				
Algeria	106,155	0	30,793	**75,362**
Argentina	424,860	0	0	**424,860**
CICELPA—Centro de investigacion de celulosa y p	57,779	0	56,572	**1,207**
Bolivia	12,460	0	0	**12,460**
Brazil	394,869	0	71,468	**323,401**
Belarus	26,204	0	0	**26,204**
Chile	6,824	0	0	**6,824**
Colombia	421,218	383,695	521,557	**283,356**
China	411,435	556,410	314,683	**653,163**
Ecuador	0	400,000	30,304	**369,696**
Social Fund For Development, Egypt	141,347	12,500	52,104	**101,743**
Gabon	17,868	0	4,297	**13,571**
Honduras	7,374	40,005	42,165	**5,213**
India	1,023,887	881,898	662,442	**1,243,343**
Iran, Islamic Republic Of	64,885	0	0	**64,885**
Org. Of Invest., Economic & Tech. Assist Of Iran	51,622	0	4,301	**47,322**
Iraq	210,936	0	0	**210,936**
Cote D'Ivoire	25,721	209,980	209,990	**25,710**
Lebanon	24,958	63,900	48,406	**40,452**
Benghazi Dev. Centre	8,093	0	0	**8,093**
General Pipe Co.	2,700	0	0	**2,700**
Oil Training Qualifying Institute, Libya	24,976	250	0	**25,226**
Industrial Research Centre Of Libya	10,049	0	0	**10,049**
Secretariat Of Strategic Industr., Libya	53,081	0	0	**53,081**
Madagascar	135,093	0	0	**135,093**
Mauritius	30,815	0	5,537	**25,277**
Mexico	1,220	111,732	67,656	**45,295**
Nigeria	1,013,400	0	278,319	**735,081**
Oman	11,311	0	0	**11,311**
Panama	10,057	0	0	**10,057**
Paraguay	17,780	0	0	**17,780**
Russian Federation	251,244	(14,845)	107,017	**129,383**
Russia—The Foundation NEM & CPCOGI	33,786	20,000	32,853	**20,933**
Saudi Arabian General Investment Authority	190,598	0	64	**190,534**
Saudi German Hospitals Group	1,004	110,000	(885)	**111,889**
Slovenia	15,662	0	(7,013)	**22,674**
Thailand	8,651	0	0	**8,651**
Turkey	13,444	224,432	30,067	**207,809**
Subtotal	5,263,364	2,999,957	2,562,699	**5,700,623**

	Fund Balance 01/01/2002	Contributions received and miscellaneous income 2002	Expenditures 2002	Fund Balance 31/12/2002
Associate Experts & JPOs				
Austria	95,144	44,644	52,443	**87,345**
Belgium	327,845	9,172	197,288	**139,729**
Denmark	249,404	685,561	568,002	**366,963**
France	97,245	0	70,016	**27,229**
Germany	69,280	0	25,889	**43,391**
Italy	215,637	625,181	462,445	**378,372**
Japan	669,304	0	92,786	**576,518**
Netherlands	532,768	348,146	295,473	**585,442**
Norway	1,533	394,837	179,315	**217,054**
Republic Of Korea	0	141,778	72,552	**69,226**
Russian Federation	45,092	66,364	46,097	**65,359**
Spain	89,787	0	76,940	**12,847**
Switzerland	0	146,406	44,290	**102,115**
Subtotal	2,393,039	2,462,087	2,183,537	**2,671,589**
JPOs Travel				
Austria	31,497	0	0	**31,497**
Belgium	159,283	(9,172)	(9,172)	**159,283**
Denmark	22,254	0	500	**21,754**
Germany	5,376	3,785	0	**9,161**
Japan	58,695	0	0	**58,695**
Netherlands	310,775	0	0	**310,775**
Norway	31,777	(31,000)	0	**777**
Switzerland	20,644	(20,644)	0	**0**
Subtotal	640,301	(57,031)	(8,672)	**591,942**
Projects financed by donor Governments				
Australia	13,808	0	1,953	**11,855**
Austria	99,223	0	58,371	**40,852**
Belgium	223,507	0	101,849	**121,659**
Canada	13,770	0	0	**13,770**
Czech Republic	129,766	0	69,671	**60,095**
Denmark	601,248	387,843	22,600	**966,491**
Finland	405,751	0	109,880	**295,871**
France	895,934	297,872	704,196	**489,610**
Greece	25,761	0	2,224	**23,537**
Italy	6,519,465	8,316,671	6,118,345	**8,717,791**
Japan	4,623,704	3,835,743	4,359,137	**4,100,311**
Japanese Embassy—Guinea TF/GUI/00/001	118	0	(1,418)	**1,536**
Norway	2,482	0	0	**2,482**
Republic Of Korea	379,883	331,211	242,405	**468,690**
Korean Research Inst. Of Standards & Scie	201,766	0	61,436	**140,330**
Slovakia	7,398	0	0	**7,398**

	Fund Balance 01/01/2002	Contributions received and miscellaneous income 2002	Expenditures 2002	Fund Balance 31/12/2002
Sweden	0	57,852	15,316	**42,536**
United Kingdom	649,589	350,000	225,425	**774,163**
United States Of America	378,978	0	0	**378,978**
Subtotal	15,172,151	13,577,192	12,091,388	**16,657,955**
Undefined	59,675	1,023,092	564,689	**518,078**
Subtotal	59,675	1,023,092	564,689	**518,078**
Other Trust Funds				
Centro De Investigaciones Textiles	116,969	0	0	**116,969**
Premag Handelsges.M.B.H, Austria	2,595	0	0	**2,595**
Bahrain Development Bank—SFBAH99001	5,624	0	0	**5,624**
Servicio Nat.De Aprendizagem Ind.	280,746	244,626	261,398	**263,974**
Beni-Suef Cement Company, Cairo	33,822	0	0	**33,822**
European Union	1,419,787	15,544	1,060,156	**375,175**
European Union Commission	0	111,220	16,122	**95,098**
CFC—FC/RAF/96/001	(320,044)	215,456	223,858	**(328,447)**
CFC—FC/INT/97/021	17,687	64,514	37,662	**44,539**
CFC—FC/RAS/00/153	(148,518)	223,934	88,768	**(13,352)**
International Development Association	144,471	0	0	**144,471**
Shahid Modarres Ind.Pharmac. Complex	53,878	0	0	**53,878**
Iran Itok Engineering & Technological Co	10,646	(10,646)	0	**0**
Sezione Spez.Per L'assicuraz.Del Credito	36,448	0	0	**36,448**
Engineering Consulting Firms Ass., Japan	11,441	0	0	**11,441**
Mitsui & Co. Ltd., Tokyo	9,781	(9,781)	0	**0**
Procter & Gamble Far East Inc. Japan	475	0	0	**475**
Chugoku Electric Power Co. Inc, Japan	0	119,780	18,865	**100,915**
Eastern & Southern African Leather Indus	56,976	25,290	42,899	**39,368**
Petrol.Nasion.Berhad(Petronas)Kualalump	28,179	0	0	**28,179**
Alcoa Inter America, Inc.	17,507	0	0	**17,507**
Cement Company Of Northern Nigeria	254,193	(254,193)	0	**0**
Ass.Mining Industries Nigeria Ltd.	26,729	0	0	**26,729**
New Nigeria Development Co, Kaduna	28,325	0	0	**28,325**
Nigerian Nat. Petroleum Corp., Lagos	566,380	0	58,370	**508,010**
Norwegian Agencyt For Dev.Coop.(NORAD)	2,271,054	583,779	1,808,903	**1,045,930**
Fed. Chemical & Ceramics Corp., Islamabad	(1,677)	0	0	**(1,677)**
Inversiones Cofide S.A., Peru	15,405	0	0	**15,405**
Magnetti Marelli:Fiat Group TFIND99009	6,965	0	(3,139)	**10,103**
Islamic Development Bank, Jeddah	25,231	52,012	64,413	**12,831**
Gulf Co-Operation Council	11,676	0	0	**11,676**
Africa Region	73,665	0	(7,242)	**80,907**
Badea: Arab Bank For Econ. Dev. In Africa	2,450	0	0	**2,450**
Nadsme—Slovak Republic, Bratislava (SF)	8,181	0	0	**8,181**
Ceylon Steel Corporation, Colombo, Sri L	5,284	0	0	**5,284**

	Fund Balance 01/01/2002	Contributions received and miscellaneous income 2002	Expenditures 2002	Fund Balance 31/12/2002
IFAD (Int.Fund For Agric.Development)	74,646	2,450	22,995	**54,101**
Sudan	329	0	0	**329**
Swed.Int.Enterprise Dev.Corp.(Swedcorp)	245,383	(31,113)	44,027	**170,243**
Staudhammer Finanz AG, Switzerland	3,357	0	0	**3,357**
Tesid Turkish Electronic Ind. Assoc.	1,781	0	0	**1,781**
Arthur Andersen & Co., U.K.	4,732	(4,732)	0	**0**
Unilever Research Bebington	2,497	0	0	**2,497**
Un Fund For International Partnership	462,668	732,110	581,528	**613,250**
The Ford Foundation, New York	1,762	0	0	**1,762**
Epstein Engineering Export Ltd, Chicago	807	0	0	**807**
Us Agency For Int. Development, Virginia	(399)	0	0	**(399)**
Yemen Corp.For Cement Ind.And Marketing	15,708	0	0	**15,708**
UNDP/UNDHA	499	0	0	**499**
FAO	275	0	0	**275**
Subtotal	5,886,375	2,080,249	4,319,581	**3,647,042**
GRAND TOTAL	29,414,905	22,085,546	21,713,222	**29,787,229**

Note to the above:

(a) For 2002, Common Funds for Commodities are reported as part of trust funds, and not the IDF (see note 4(d)).

(b) From 2002, interest on donor funds is not recorded as income for the year, but reported as a liability (see note 4(e)).

Table 5. Summary of technical cooperation activities for the year ended 31 December 2002 financed under inter-organization agreements

(In United States dollars)

	Project expenditure	Programme support	Total expenditure
UNDP			
UNDP main programme	1,255,111	131,485	1,386,596
Support services for policy and programme development	773,767	197,664	971,431
Support for technical services at the project level	102,688	60,887	163,575
Project for which UNIDO is the associated agency	332,718	19,021	351,739
Government-executed projects for which UNIDO is the implementing agency	1,675,760	157,931	1,833,691
UNDP trust funds	5,718,637	117,899	5,836,536
	9,858,681	684,887	10,543,568

Annex III

OPERATING FUNDS - UNDP AND UNDP TRUST FUNDS

Report No. 1

UNITED NATIONS DEVELOPMENT PROGRAMME
(Name of Executing Agency)
(UNIDO)

Status of Funds as at 31 December 2002
(expressed in United States dollars)

		US$	US$
Operating Fund			
	Initial balance reported by UNIDO at 1 January 2002		5,277,490
Add:	Cash drawings		(1,000,000)
	Revised balance reported by UNIDO at 1 January 2002		4,277,490
Add:	Cash drawings from UNDP	(6,200,000)	
	IOV's	20,666,846	
	Other charges/credits (net)	(297,251)	
	Miscellaneous income and exchange adjustments (net) (Report No. 8)	6,121	
	Miscellaneous items refunded to UNDP (net) (Report No. 8)	(160,615)	14,015,101
			18,292,591
Less:	Expenditure and support costs for lines implemented for self-executed projects (Executing PDRs)	2,521,602	
	Expenditure and support costs for lines implemented for projects executed by other agencies and Governments (Implementing PDRs)	2,185,430	4,707,032
Balance at 31 December 2002			13,585,559
Represented by:			
	Cash at banks, on hand and in transit	7,707,395	
	Accounts receivable (Report No. 9)	9,796,214	17,503,609
	Less: Accounts payable (Report No. 10)	3,091,607	
	2002 Unliquidated obligations	826,443	3,918,050
	Balance at 31 December 2002		13,585,559

REPORT 13

STATEMENT I

REPUBLIC OF KOREA FUND FOR THE TUMEN REGION
(Title of Trust Fund)
(Name of Participating and Executing Agency)
(UNIDO)

Status of Funds at 31 December 2002

(expressed in United States dollars)

Operating Fund

		$	$
Balance at 1 January 2002			(44,592)
Add:	Cash drawings from UNDP		74,474
	IOV's		
	Other charges/credits (net)		
	Miscellaneous income and exchange adjustments (net) (Report No. 19)		
	Miscellaneous items refunded to trust fund (net) (Report No. 18)		
			29,882
Less:	Expenditure during 2002		
	For projects		
	Disbursements (Report No. 15A)	33,816	
	Unliquidated obligations (Report No. 16)	32,019	
	For AOS (Report No. 15A)	6,374	72,209
			(42,327)
Add/subtract:	Adjustments to prior years (Report No. 15B):		
	Expenditure		
	Support costs		
	AOS		
Balance at 31 December 2002			(42,327)
Represented by:	Cash at banks, on hand and in transit		
	Accounts receivable (Report No. 20)		
Less:	Accounts payable (Report No. 21)	10,308	
	Unliquidated obligations (Report No. 16)	32,019	(42,327)
			(42,327)

REPORT 13

STATEMENT I

GLOBAL ENVIRONMENTAL FACILITY
(Title of Trust Fund)
(Name of Participating and Executing Agency)
(UNIDO)

Status of Funds at 31 December 2002

(expressed in US dollars)

Operating Fund

		$	$
Balance at 1 January 2002			(4,028,884)
Add:	Cash drawings from UNDP	3,512,227	
	IOVs		
	Other charges/credits (net)		
	Miscellaneous income and exchange adjustments (net) (Report No. 19)		
	Miscellaneous items refunded to trust fund (net) (Report No. 18)		3,512,227
			(516,657)
Less:	Expenditure during 2002		
	For projects		
	Disbursements (Report No. 15A)	1,394,218	
	Unliquidated obligations (Report No. 16)	4,258,584	
	For AOS (Report No. 15A)	111,525	5,764,327
			(6,280,984)
Add/subtract:	Adjustments to prior years (Report No. 15B):		
	Expenditure		
	Support costs		
	AOS		
Balance at 31 December 2002			(6,280,984)
Represented by:	Cash at banks, on hand and in transit	0	
	Accounts receivable (Report No. 20)	2,698,525	2,698,525
Less:	Accounts payable (Report No. 21)	4,720,925	
	Unliquidated obligations (Report No. 16)	4,258,584	8,979,509
			(6,280,984)

Annex IV

SPECIAL ACCOUNT FOR BUILDINGS MANAGEMENT SERVICES (FOR OTHER THAN STAFF COSTS)

Statement of income and expenditure for the year ended 31 December 2002

(In euros)

INCOME		
Annual contribution		
IAEA	6,107,875	
UNIDO	2,016,169	
UNOV	2,558,626	
CTBTO	958,030	
Interest income		11,640,700
Currency exchange loss		53,989
Miscellaneous income		(43)
		16,450
TOTAL INCOME		**11,711,096**
EXPENDITURE		
Rental and maintenance of premises		2,565,290
Utilities		4,667,243
Supplies and materials		54,770
Capital goods		27,784
Bank charges		873
Other general operating expenses		8,651
TOTAL EXPENDITURE		**7,324,611**
EXCESS (SHORTFALL) OF INCOME OVER EXPENDITURE FOR 2002		**4,386,485**

SPECIAL ACCOUNT FOR BUILDINGS MANAGEMENT SERVICES (FOR OTHER THAN STAFF COSTS)

Statement of assets, liabilities, reserves and fund balances as at 31 December 2002

(In euros)

ASSETS

Cash	4,988,062
Accounts receivable	
VAT/energy tax/ELWOG	940,469
Contributions receivable	
IAEA	1,526,969
UNIDO	504,042
CTBTO	129,839
Other	5,055
TOTAL ASSETS	**8,094,436**

LIABILITIES

Unliquidated obligations	2,339,841
Accounts payable	
Advances[1]	1,361,911
Other	6,199
TOTAL LIABILITIES	**3,707,951**

FUNDS BALANCE

Balance available as at 1 January 2002	0
Add: Excess of income over expenditure for 2002	4,386,485
Balance available as at 31 December 2002[2]	4,386,485
TOTAL RESERVES AND FUND BALANCE	**4,386,485**
TOTAL LIABILITIES, RESERVES AND FUND BALANCE	**8,094,436**

[1] The advances (€1,361,911) comprise of amounts of IAEA (€851,964), UNOV (€380,648) and CTBTO (€129,299) in respect of the asbestos removal programme. As at 31 December 2002, CTBTO had not paid this advance and the amount is also shown under contributions receivable. In 2003, IAEA's share was refunded upon receipt of instruction. No invoice was issued to UNIDO for these costs, in compliance with UNIDO's financial regulation 4.2(b).

[2] The fund balance comprises the following:

	IAEA	UNIDO	UNOV	CTBTO	Total
Annual contribution	6,107,875	2,016,169	2,558,626	958,030	**11,640,700**
Interest (net of bank charges)	22,335	18,306	9,877	2,598	**53,116**
Net expenditure	(3,834,157)	(1,265,630)	(1,606,151)	(601,393)	**(7,307,331)**
	2,296,053	**768,845**	**962,352**	**359,235**	**4,386,485**

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United Nations Industrial Development Organization

ORIGINAL: ENGLISH

Industrial Development Board

Twenty-seventh session
Vienna, 26-28 August 2003
Item 4 (f) of the provisional agenda

Programme and Budget Committee

Nineteenth session
Vienna, 28-30 April 2003
Item 8 of the provisional agenda

TRANSITION TO A SINGLE CURRENCY SYSTEM

Note by the Secretariat

Provides information concerning recent actions and developments with respect to the introduction of a single currency system based on the euro, in compliance with decision IDB.26/Dec.6.

Background

1. The Secretariat has kept the governing bodies regularly informed of the steps taken to introduce the euro as a single currency for budgeting, assessment, accounting and reporting with effect from fiscal period 2002-2003. The most recent document on this subject (IDB.26/4-PBC.18/5 dated 19 June 2002) provided information on the following major items:

- Amendment of the relevant financial regulations relating to the preparation of budgets, appropriation and assessment, collection of contributions and advances, and currency of accounts;
- Establishment of a reserve for the purpose of protecting the Organization from exchange rate fluctuations;
- Exchange rates for conversion of both the dollar and schilling components of the budgets;
- Exchange rate to be applied for the conversion into euros of assets, liabilities, reserves and fund balances, as well as the need to continue to keep extrabudgetary accounts in United States dollars, if required, and to convert all such assets, liabilities, reserves and fund balances to euros for the purpose of UNIDO's consolidated financial statements;
- Actions and developments since 15 June 1999, to implement decisions of the governing bodies to introduce the euro;
- Issues encountered.

2. The Board at its twenty-sixth session took note of the information provided in document IDB.26/4-PBC.18/5 and noted with satisfaction that the Director-General had begun to take steps towards the full implementation of the single currency system based on the euro. Furthermore, the Board requested the Director-General to find solutions to the problems in

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implementation identified in the document and to keep Member States regularly informed of further developments (IDB.26/Dec.6).

I. EXPERIENCE AND ACTION TAKEN

3. As stated in document IDB.26/4-PBC.18/5, the Secretariat expected the emergence of a clearer picture on the issues encountered and the actions required to rectify these during the preparation of the accounts for the year 2002 and the biennium 2002-2003. The interim financial performance report for the biennium 2002-2003 showing the utilization of financial resources during the period 1 January to 31 December 2002 (IDB.27/8-PBC.19/8) has been finalized; it provides information on the regular and operational budgets as well as the technical cooperation activities financed from extrabudgetary resources. The slight delay in submitting the accounts to the External Auditor—required by 31 March in accordance with financial regulation 10.7—and consequently the issuance of the interim financial performance report and of the present document is mainly attributed to the following: a number of issues faced during the accounts closure process, particularly related to technical cooperation activities, required considerable analysis to assess the implications of various solutions and the need to adopt the most prudent approach; the preparation of a number of additional tables to provide information for technical cooperation activities in both euros and dollars; the need to provide information on the special accounts for the Regular Programme of Technical Cooperation and Buildings Management Services; and the preparation of detailed notes on changes in significant accounting policies explaining various actions taken by the Secretariat. It is expected that further refinements will be made during the preparation of the financial performance report for the biennium 2002-2003. The experience gained to date and the actions taken are indicated below.

Regular and operational budgets

4. The single currency system based on the currency in which most of the regular and operational budgets are implemented has allowed for, inter alia: the minimization of income- and expenditure-related exchange gains/losses; substantially reduced gains/losses resulting from the revaluation of assets, liabilities, reserves and fund balances at the date of the statement; better expenditure planning and monitoring of the utilization of resources; simplified and more accurate accounting and reporting relating to assessed contributions; easier comparison between the budgets and actual expenditures, thus improving budgetary controls.

Reducing dollar requirements for the regular budget

5. As stated in document IDB.26/4-PBC.18/5, it is not possible to completely eliminate the Organization's dollar requirements, which amounted to some 18 per cent of the expenditures in previous bienniums. The Secretariat has been striving to reduce its dollar requirements, and with the actions taken, as listed in document IDB.26/4-PBC.18/5, the Secretariat is moving towards achieving this objective during the biennium 2002-2003. However, substantial progress in this respect can only be achieved by the introduction of a United Nations system-wide solution, particularly relating to the issuance of salary scales for Professional and higher categories of staff as well as related payments to the United Nations Joint Staff Pension Fund in euros. UNIDO has been raising this issue at the Human Resource Directors Network, a subsidiary of the Chief Executives Board for Coordination (CEB). It is expected that this issue will gain more prominence with the introduction of the euro in other United Nations system organizations.

Reserve to protect UNIDO from exchange rate fluctuations

6. Recognizing the Organization's need for dollars to meet its obligations and for the purpose of protecting the Organization from exchange rate fluctuations arising from meeting such dollar requirements, the General Conference authorized the establishment of a reserve (GC.8/Dec.16). However, no funds for this purpose have been provided; the reserve had a zero opening balance at the beginning of 2002. This reserve is not subject to financial regulations 4.2(b) and 4.2(c); thus the balance, if any, available in the reserve will not form part of the unencumbered balances of the appropriations.

7. The dollar requirements for the biennium 2002-2003 were calculated using the January to December 2000 average United Nations euro/dollar exchange rate, i.e. €1=$0.925754 (reference IDB.24/3-PBC.17/3), or $1 = €1.0802006. In view of a stronger euro during the second half of 2002 and a similar outlook for 2003, it is expected that the reserve will receive a credit during 2003. The amount that would be transferred to the reserve would be the difference between the euro value of actual dollars expended to carry out activities under the regular budget and the budgeted cost of these dollars. This is illustrated by the following: for actual expenditures amounting to $10 million, the amount transferred to the reserve would be €77,006 calculated as:

- €10,725,000 Euro value of the dollars expended ($10 million x €1.0725, the average United Nations euro/dollar exchange rate for 2002)

- €10,802,006 Budgeted cost of the dollars expended ($10.0 million x €1.0802006, the budgeted United Nations euro/dollar exchange rate)

However, as stated above, no amount has thus far been transferred to the reserve. An adjustment for the biennium 2002-2003 will be made in December 2003.

Technical cooperation activities

8. As stated in document IDB.26/4-PBC.18/5, most extrabudgetary technical cooperation activities continue to be in dollars for which donors require accounting and reporting in dollars without being exposed to exchange gains/losses resulting from the introduction of the euro. However, activities funded from within the euro zone are expected to be carried out in euros. This means that the entire project cycle management (such as the issuance of project allotment documents, obligations, disbursement, accounting, monitoring and reporting) for technical cooperation activities would have to be performed simultaneously in United States dollars and euros. The next release of the financial software used by UNIDO, which is now expected to be implemented during the second half of 2003, should allow UNIDO to manage the project cycle in both United States dollars and euros with effect from January 2004.

9. During 2002, all technical cooperation activities were administered in dollars, whereas the regular and operational budgets were managed in euros. Donor statements are also being issued in dollars only. This practice will continue during 2003. To present the consolidated financial statements of UNIDO for the year ending 2002, the following actions were taken (details are contained in document IDB.27/8-PBC.19/8, which includes the notes to the financial statements):

- Combined statement of income and expenditure and changes in reserves and fund balances for the year ended 31 December 2002 (notes to the financial statements—annex II, table 1) has been prepared in both euros and dollars;

- Combined statement of assets, liabilities, and reserve and fund balances as at 31 December 2002 (notes to the financial statements—annex II, table 2) has been prepared in both euros and dollars;

- For the above statements, all non-euro items were converted to euros using the following approach:

  - The reserves and fund balances at the beginning of 2002, which were in dollars, were converted to euros at the exchange rate of US$1= €1.123 (GC.9/Dec.15);

  - Income, expenditure and changes in reserves and fund balances have been stated at the equivalent amount of euros applicable as at the deemed date of the transaction applying the United Nations operational rate of exchange as at that date, i.e. the applicable monthly exchange rates;

  - Assets, liabilities, reserves and fund balances as at 31 December 2002 have been revalued to euros using the United Nations operational rate of exchange as at 31 December 2002 (in accordance with decision GC.9/Dec.15).

- The loss arising from the revaluation of assets, liabilities, reserves and fund balances as at 31 December 2002 has been shown as "other adjustments to reserves and fund balances" on the euro combined statement of income and expenditure and changes in reserves and fund balances (notes to the financial statements—annex II, table 1 of document IDB.27/8-PBC.19/8). These adjustments/revaluations have no implications as far as the donors are concerned, as the dollar statements provide the correct information about the status of funds provided by them, and the activities carried out from these resources. The donors, therefore, could ignore the euro statements.

10. The dollar presentation of technical cooperation activities carried out under the Industrial Development Fund and trust funds required that the euro cash and investment balances as at 31 December 2002 amounting to €20.51 million (Industrial Development Fund: €4.92 million and trust funds: €15.59 million) be revalued to dollars at the United Nations operational rate of exchange in effect as at 31 December 2002. In view of the stronger euro and a United Nations system-wide decision to use the United Nations operational rate of exchange of January 2003 with an effective date of 31 December 2002 in order to provide more realistic information (normally the effective dates start from the beginning of the month, and the rate used would have been that made available on 1 December 2002—as compared to the December 2002 United Nations rate of exchange of €1=$1.0090 the rate to be applied as of 31 December was €1=$0.9580), this revaluation resulted in an unrealized gain of $2.86 million on the dollar statements. A significant part of this gain is attributed to not yet having the facility to manage technical cooperation activities in euros, particularly those funded by donors from within the euro zone. As stated in paragraph 8 above, with the upgrading of the financial

system later this year, the Secretariat should be able to manage such projects in euros with effect from January 2004.

11. This unrealized gain has, therefore, been shown on the financial statements as part of the accounts payable not distributable to donors on the grounds of prudence. The accounts payable will be cleared once the Secretariat has implemented the facility to manage projects in both euros and dollars. At that stage, donors which have funded activities in euros could disregard the dollar statements, as for these donors the euro statements would provide correct information about the status of funds provided by them and the activities carried out from those resources.

12. In order to further improve the accounting, all gains/losses resulting from the transactions are now being debited/credited to the relevant budget line on the project rather than to an exchange gain/loss account. For instance, a €10,000 obligation at the date of issuance, with the application of the United Nations rate of exchange, amounted to $10,100; however at the time of payment of €10,000, using the applicable United Nations rate of exchange on the date of payment, the payment in equivalent dollars amounted to $9,800, thus resulting in a gain of $300, which would be shown as a credit on the relevant budget line.

13. The governing bodies will be kept informed of further developments after upgrading of the system to allow management of technical cooperation activities in both dollars and euros, and the closure of the biennium 2002-2003 accounts, as well as discussions with the External Auditor.

II. ACTION REQUIRED OF THE COMMITTEE

14. The Committee may wish to consider recommending to the Board the adoption of the following draft decision:

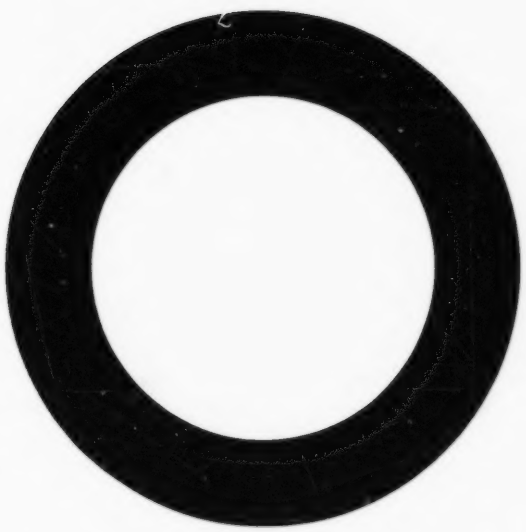
"The Industrial Development Board:

"(a) Takes note of the information provided in document IDB.27/9-PBC.19/9 on the transition to a single currency system, and in particular regarding the preparation of the interim financial performance report for the biennium 2002-2003;

"(b) Notes with satisfaction the steps taken by the Director-General to ensure the implementation of the euro;

"(c) Requests the Director-General to inform Member States of further developments resulting from the closure of the biennium's accounts, as well as on the management of technical cooperation projects in both dollars and euros;

"(d) ...."



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FINANCIAL SITUATION OF UNIDO

Financial situation, including arrears

Report by the Director-General

Provides information on the financial situation of UNIDO, including arrears, as at 31 December 2002, as well as on significant financial developments that affected the Organization during the first year of the biennium. A conference room paper will be issued during the session to provide updated information on the status of assessed contributions and voting rights

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Note: This document was prepared prior to the finalization of the interim financial performance and programme performance report. Should there be any significant changes, an addendum will be issued.

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I. OVERVIEW

1. The financial situation as at 31 December 2002 can be summarized in the following major points:

(a) Regular budget net expenditures for the first year of the biennium 2002-2003 amounted to €60.2 million, or 90.1 per cent of the approved 2002 net budget estimates, as compared with 87.8 per cent in 2000 (the first year of the previous biennium);

(b) Operational budget expenditures amounted to €10.3 million in 2002, as compared with €9.8 million in 2000. Support cost and other income during 2002 amounted to €8.9 million ($9.1 million), as compared to €10.7 million ($9.5 million) in 2000;

(c) The level of regular budget cash resources (including the Working Capital Fund) was €21.1 million. In comparison, the cash balance as at 31 December 2001 and 2000 was €18.6 million and €15.3 million, respectively;

(d) The collection rate of 2002 assessed contributions was 93.1 per cent—the highest for any year since UNIDO became a specialized agency—as compared to 91.7 and 84.0 per cent respectively in 2001 and 2000;

(e) The amount of the arrears collected from prior years represented 6.5 per cent of the amount of assessed contributions for the current year. The collection rates of prior years' arrears in 2001 and 2000, as compared to the assessments of those years, were 19.4 and 16.0 per cent, respectively;

(f) Outstanding contributions amounted to €111.4 million (including arrears of €69.3 million by the United States of America, and €2.1 million by the former Yugoslavia[1])—details are given in annex I. The outstanding amounts as at 31 December 2001 and 2000 were €111.1 million and €117.6 million, respectively;

(g) The Working Capital Fund was at the level of €7,423,030; however, €76,029 was outstanding as at 31 December 2002;

(h) Interest income in excess of budgetary estimates amounting to €418,214 was credited on 1 January 2003 to eligible Member States, in accordance with the "S" curve formula, when their assessed contributions for the year 2003 were calculated;

(i) Income received from new Member States amounting to €299,793 was credited to Member States on 1 January 2003;

(j) Arrears collected against unencumbered balances of appropriations amounting to €791,258 relating to the bienniums 1992-1993, 1996-1997 and 1998-1999, received until 31 October 2002, were credited to eligible Member States when their assessed contributions for the year 2003 were calculated. As at 31 December 2002, the unencumbered balances of appropriations, mostly relating to the 2000-2001 biennium, amounted to €3.27 million. In the absence of any other decision, these balances would require crediting to eligible Member States on 1 January 2004.

2. The financial situation continues to be healthy in 2003. As at 28 February 2003, the level of regular budget cash resources (including the Working Capital Fund) was €47.5 million, as compared to the cash balance on the same date in 2002 and 2001 of €24.4 and €32.4 million, respectively. This has resulted from the excellent collection rate of 2003 assessed contributions, which was 58.1 per cent as at 28 February 2003; the highest for the same period since UNIDO became a specialized agency. As compared to this, the collection rates in February 2002 and 2001 were 28.2 and 27.1 per cent, respectively. Outstanding contributions amounted to €139.0 million (including arrears of €71.3 million by former Member States) as shown in annex II. The outstanding amounts as at 28 February 2002 and 2001 were €159.2 million and €158.7 million, respectively.

II. REGULAR AND OPERATIONAL BUDGETS, 2002-2003

3. The overall implementation of the approved regular budget for 2002-2003 started as planned. In view of the expected high collection rate of assessed contributions during 2002, as well as the healthy cash situation of the Organization at the beginning of the biennium, an average release of 97 per cent of the appropriations for 2002 was approved as compared with 91 per cent in 2000, the first year of the previous biennium. This included a 100 per cent release for staff costs, Regular Programme of Technical Cooperation (RPTC), Industrial Development Decade for Africa (IDDA) supplementary activities, field operating costs and information technology; and an average of 86 per cent under consultants, travel, meetings, operating costs and indirect costs. Net expenditures amounted to 90.1 per cent, or €60.2 million, of the approved 2002 net regular budget, as compared with 87.8 per cent, or $52 million, in 2000. The higher implementation rate in 2002 is mainly attributable to the transfer of the full RPTC appropriation from the regular budget to the new special account for RPTC and higher expenditures under IDDA supplementary activities. Higher-than-budgeted increases in salaries and related common staff costs in the Professional and higher categories were offset by decreases in expenditure levels under staff costs due to the conservative recruitment policy of maintaining a higher vacancy rate. Overall, the regular

[1] The name of the Federal Republic of Yugoslavia was changed to "Serbia and Montenegro" on 4 February 2003.

budget shows a balanced performance, which corresponds to the collection rate of assessed contributions.

4. The BMS gross appropriation was released at the level of 96.7 per cent as compared with 85 per cent in 2000. The expenditure level in 2002 amounted to €13.6 million or 73.3 per cent of the 2002 appropriations. The lower implementation reflects the delay in the asbestos removal programme due to factors beyond UNIDO's control.

5. The overall expenditure level of the operational budget in 2002 amounted to €10.3 million, as compared with €9.8 million ($8.7 million) for the same period in 2000. Operational budget income in 2002 amounted to €8.9 million ($9.1 million), resulting from technical cooperation delivery, interest income earned from the investment of surplus funds and government contributions for field offices, whereas income in 2000 amounted to €10.7 million ($9.5 million). Savings on cancellation of obligations from the prior biennium amounted to €0.6 million. The year 2002, therefore, recorded a deficit of €0.8 million. Thus, the operating reserve, which as at 1 January 2002 amounted to €3.3 million, was reduced to €2.5 million at the end of 2002. The trend during the first two months of 2003, however, shows that the reserve by the end of 2003 will be restored to at least the level at the end of 2001 (i.e. €3.3 million).

6. The delivery of technical cooperation activities as at 31 December 2002 amounted to $81.8 million, which showed an improvement of $13.1 million over the delivery of 2000 ($68.7 million), the first year of the previous biennium. However, as compared to the 2001 delivery of $84.7 million, the 2002 delivery shows a shortfall of $2.9 million, which can be primarily attributed to the non-availability of resources from the unencumbered balances of appropriations; in 2001 delivery amounting to $2.9 million was carried out from these resources. Furthermore, delivery of RPTC is traditionally lower in the first year of the biennium than the second. For instance, RPTC delivery in 2000 and 2001 amounted to $1.4 million and $5.6 million, respectively. In 2002, RPTC delivery amounted to $1.6 million. However, with the establishment of a special account for RPTC in 2002, it is expected that such a situation will be largely addressed and that RPTC delivery in future years will be more even over the biennium.

7. The technical cooperation delivery as at 28 February 2003 amounted to $27 million. As compared to this, delivery as at 28 February in 2002 and 2001 was $25.6 million and $21 million respectively.

III. ASSESSED CONTRIBUTIONS

Collections

8. A total of 77 Member States, including nine least developed countries (LDCs), have made full payments and 18 Member States, of which five were LDCs, have made partial payments of their assessed contributions for the year 2002. Collections in the period from January to December 2002, broken down by Lists of States, are shown in table 1.

Table 1. Collections, January to December 2002
(In millions of euros)

*Lists of States**	*Current year*	*Prior years*	*Total*
A	6.4	1.5	7.9
B	52.5	0.8	53.3
C	1.4	0.4	1.8
D	1.9	1.6	3.5
Others	0.0	0.0	0.0
USA	0.0	0.0	0.0
Total	**62.2**	**4.3**	**66.5**

*As contained in document GC.9/16.

Outstanding contributions

9. The detailed status of assessed contributions outstanding as at 31 December 2002 is contained in annex I to the present document, including the status of voting rights of each Member State.

10. The scale of assessment and outstanding contributions as at 31 December 2002, broken down by Lists of States, are shown in table 2.

Table 2. Scale of assessment and outstanding contributions as at 31 December 2002

	Scale of assessment (%)	*Millions of euros*		
*List of States**		*Current year*	*Prior years*	*Total*
A	10.702	0.8	5.4	6.2
B	78.573	0.0	0.0	0.0
C	7.618	3.6	16.1	19.7
D	3.102	0.2	13.4	13.6
Others	0.005	0.0	0.5	0.5
Subtotal	100.00	4.6	35.4	40.0
USA		0.0	69.3	69.3
Yugoslavia (former)		0.0	2.1	2.1
Total	**100**	**4.6**	**106.8**	**111.4**

*As contained in document GC.9/16.

11. The outstanding contributions broken down by current and prior years are shown in table 3:

Table 3. Outstanding contributions as at 31 December 2002
(In millions of euros)

	2002	*2001*	*2000*
Current year	4.6	5.5	11.0
Prior years	35.4	34.2	35.2
USA	69.3	69.3	69.3
Yugoslavia (former)	2.1	2.1	2.1
Total	**111.4**	**111.1**	**117.6**

12. As stated in document IDB.25/6, the Secretariat is closely following developments at the United Nations General Assembly regarding the arrears of the former Yugoslavia. In General Assembly resolution 57/4 B, it was decided to consider further the question of the outstanding assessed contributions of the former Yugoslavia at its fifty-eighth session. Any further information in this respect taken by the General Assembly will be conveyed to the UNIDO governing bodies for consideration.

13. In addition to the assessed contributions amounting to €69,264,731 for the period 1994 to 1996, the United States owes €956,753 for income taxes under the Tax Reimbursement Agreement, thus owing a total amount of €70,221,484.

14. Regular follow-up letters regarding these arrears are sent by the Secretariat to the Permanent Mission of the United States of America to the United Nations in Vienna, the most recent of which was dated 11 November 2002. A reply was received on 19 December 2002 stating that unfortunately the United States Government still could not provide a specific timeframe when these payments would be made. Current legislation did not allow for the allocation of funds for payment of the United States' obligations to UNIDO, nor could the Government predict when a more favourable circumstance would occur. Despite the current uncertainty, the United States remained committed to meeting its financial obligations to UNIDO.

IV. VOTING RIGHTS

15. As indicated in annex I to the present document, the voting rights of 50 Member States had been suspended as at 31 December 2002 in accordance with Article 5.2 of the Constitution and financial regulation 5.5(b), as summarized in table 4.

Table 4. Suspension of voting rights as at 31 December

	Number of Member States		
Members of	*2002*	*2001*	*2000*
General Conference	50	51	59
Industrial Development Board	1	1	5
Programme and Budget Committee	1	0	3

16. In order to restore their voting rights, these Member States must have paid their full contributions for 1999 and prior years, including advances to the Working Capital Fund, as well as a partial contribution for 2000. The minimum total amount that would have to be paid by these Member States amounts to €21,684,630.

V. IMPLEMENTATION OF RECOMMENDATIONS OF GROUP ON TIMELY PAYMENTS

Payment plans

17. Payment plans have been approved for Ukraine (€9.7 million—GC.9/Dec.12) and Azerbaijan (€1.3 million—IDB.26/Dec.4). Ukraine has already made two payments amounting to €2,048,318 and Azerbaijan one payment amounting to €129,933. Negotiations are under way with a number of other Member States to settle their arrears under payment plans.

Incentives and disincentives schemes

18. As reported in various documents, including IDB.26/9, in order to encourage Member States to make timely payments, the open-ended discussion group on timely payments of assessed contributions recommended the introduction of an incentive mechanism, based on a mathematical formula ("S" curve). Under this formula, the incentive is calculated taking into account the amount and date of payment of the current year's contributions. The incentive amount to be allocated is the amount of interest earned in excess of budgetary estimates. Funds amounting to €418,214 were credited on 1 January 2003 to eligible Member States when their assessed contributions for the year 2003 were calculated. The next incentive amount due for distribution would be on 1 January 2005, i.e. one year after the end of the current biennium.

19. In its decision IDB.26/Dec.3, the Board requested the Secretariat to ascertain from other organizations in

the United Nations system information as to the incentives and disincentives in place with regard to the payment of assessed contributions, as well as to the linki. g of such incentives and disincentives to services provided and to report thereon to the Committee at its nineteenth session. Annex III to this document provides the latest information on the incentives and disincentives in place in other organizations in the United Nations system. This information has been obtained from the Secretariat of the Chief Executives Board for Coordination.

20. The Secretariat is also following closely developments at the United Nations General Assembly. In the report of the Committee on Contributions of 2002, the Committee concluded that if the General Assembly decided to introduce interest charges on arrears, the rate should be fixed at a low level and should not have a retroactive effect. The Committee felt that this annual rate should not exceed 1 per cent.

VI. UNENCUMBERED BALANCES OF APPROPRIATIONS AND INCOME FROM NEW MEMBER STATES

Balances approved for the integrated programmes (GC.8/Res.4)

21. Documents GC.9/10 and IDB.26/2 contained detailed information on the funds approved by the General Conference (GC.8/Res.4) for the implementation of the integrated programmes amounting to $4,405,323. These funds, arising from unencumbered balances of appropriations (UB) and income from new Member States, were placed in a special account and the Secretariat has regularly kept Member States informed about the utilization of these resources. Document GC.9/10 also provided information as to some savings, which may result from the cancellation of obligations in accordance with UNIDO's financial regulations. The status of this special account as at 31 December 2002 shows that such savings amounted to $225,124. Some of these savings are required to absorb late charges coming from the UNDP field offices, which are expected to be cleared by the end of June 2003. The remaining amount in this account, should no other decision be taken by the Member States, will be transferred to general-purpose IDF funds for the exclusive purpose approved by the General Conference (GC.8/Res.4).

Amounts distributed on 1 January 2003

22. Outstanding assessed contributions received until 31 October 2002 against UB amounted to €791,258 broken down by biennium as follows: 1992-1993 (€131,749), 1996-1997 (€214,900) and 1998-1999 (€444,609). This amount was credited to eligible Member States when their assessed contributions for 2003 were calculated.

23. Furthermore, income received from new Member States (mainly from South Africa and Yugoslavia—new) amounting to €299,793 was distributed on 1 January 2003 to Member States.

Provisional UB due for distribution on 1 January 2004

24. As at 31 December 2002, the collections against UB amounted to €3,266,317, broken down by biennium as follows: €10,410 against 1998-1999 received in November 2002; and €3,255,907 against 2000-2001. In the absence of any other decision, €3,266,317 plus any additional outstanding contributions received during 2003, against the prior bienniums (1992-1993, 1996-1997, 1998-1999 and 2000-2001), will be due for distribution to eligible Member States on 1 January 2004.

25. The attention of Member States is drawn to the resolution and decision adopted by the last two sessions of the General Conference, which could facilitate a decision regarding the utilization of the UB. Resolution GC.8/Res.4, inter alia, strongly encouraged Member States to renounce their shares of unencumbered balances and authorized the Secretariat to retain these funds in a special account should no request for the surrendering of such balances be received from eligible Member States by a specified date; no further communication was required from the Secretariat. Decision GC.9/Dec.10, inter alia, strongly encouraged Member States to consider renouncing voluntarily their shares for the regular budget and/or technical cooperation activities of UNIDO, at the earliest possible opportunity. The Director-General was requested to solicit the intention of the Member States as to the utilization of these resources. Since a number of Member States had not indicated their preference by November 2001, the Board at its twenty-sixth session requested the Director-General to send a final reminder to those Member States that had not yet replied (IDB.26/Dec.3). In the same decision, the Board recommended to the General Conference that, should no response be received by 31 December 2003, the Conference allow the Secretariat to use the balances for integrated programmes or country service frameworks.

VII. IMPLEMENTATION OF A NEW FINANCIAL SYSTEM

26. As reported in various documents, including IDB.26/9, and positively commented upon by the former External Auditor in his final report (IDB.26/2), UNIDO successfully implemented the first phase of the new financial system at a total cost of about $1.7 million (€1.9 million at the exchange rate approved by the General Conference in decision GC.9/Dec.15), with no additional resources or staff. The current External Auditor in his first interim report (IDB.27/6-

PBC.19/6) also commented positively on the implementation of the financial system: "This, by all accounts, including the comments of my predecessors, was carried out particularly successfully with regard to timing and cost."

27. It is estimated that a further amount of €1.5-€2 million will be required to complete UNIDO's migration from the mainframe to modern interactive systems consisting of new human resource management, payroll, travel and a UNIDO-wide electronic document management system. These funds are included in the information and communication technology (ICT) budget for the current and the next biennium, thus no additional resources will be required. This will result in a total all-inclusive cost for the migration of all systems from the mainframe to a modern interactive system of some €3.9 million.

28. Although the scope of the system implementation may differ from organization to organization, and each organization computes IT project costs differently, a comparison with other organizations in the system of the cost of replacing all existing systems is informative. The following data are taken from a recent JIU report (JIU/REP/2002/9, "Managing Information in the United Nations System Organizations: Management Information Systems") and from the United Nations ICT Managers forum on the United Nations System CEB and HLCM site:

- UNESCO $14.5 million
- ILO $25 million
- FAO $34 million (estimated)
- UNDP $23 million (estimated)
- WFP $29 million (includes global connectivity, hardware etc.)
- UNHCR $30-40 million

VIII. ACTION REQUIRED OF THE COMMITTEE

29. The Committee may wish to recommend to the Board the adoption of the following draft decision:

"The Industrial Development Board:

"(a) Takes note of the information provided in document IDB.27/10-PBC.19/10;

"(b) Urges those Member States and former Member States that have not yet paid their assessed contributions, including advances to the Working Capital Fund and prior years' arrears, to settle their constitutional obligations without delay;

"(c) Requests the Director-General to pursue his efforts and contacts with Member States to effect the collection of arrears;

"(d) ....."

Annex I

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET

as at 31 December 2002 (in euros)

Country	Outstanding assessed contributions	WCF	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
AFGHANISTAN	83,462	446	83,908	1992(p)-2002	No	72,220
ALBANIA	5,165	-	5,165	2001(p)-2002	Yes	
ALGERIA	-		0	-	Yes	
ANGOLA	53		53	2002(p)	Yes	
ARGENTINA	3,600,362	1,411	3,601,773	1999(p)-2002	No	440,550
ARMENIA	912,782		912,782	1992(p)-2002	No	899,320
AUSTRIA	-	-	0	-	Yes	
AZERBAIJAN	1,139,314		1,139,314	1994(p)-2002	No[b]	1,115,480
BAHAMAS	-	-	0	-	Yes	
BAHRAIN	-	-	0	-	Yes	
BANGLADESH	-	-	0	-	Yes	
BARBADOS	-	-	0	-	Yes	
BELARUS	507,230		507,230	1998(p)-2002	No	381,600
BELGIUM	-		0	-	Yes	
BELIZE	-	-	0	-	Yes	
BENIN	5,168	-	5,168	2000(p)-2002	Yes	
BHUTAN	-	-	0	-	Yes	
BOLIVIA	7,353	75	7,428	2002	Yes	
BOSNIA AND HERZEGOVINA	218,246		218,246	1992(p)-2002	No	206,020
BOTSWANA	-		0	-	Yes	
BRAZIL	14,373,466	59,608	14,433,074	1995(p)-2002	No	9,721,560
BULGARIA	-	-	0	-	Yes	
BURKINA FASO	1,059	-	1,059	2002(p)	Yes	
BURUNDI	65,703	-	65,703	1993(p)-2002	No	63,900
CAMBODIA	2,005	149	2,154	2002	Yes	
CAMEROON	-		0	-	Yes	
CAPE VERDE	95,456		95,456	1991(p)-2002	No	91,070
CENTRAL AFRICAN REPUBLIC	110,813	-	110,813	1989(p)-2002	No	109,010
CHAD	93,920	-	93,920	1991(p)-2002	No	92,120
CHILE	161,145		161,145	2002(p)	Yes	
CHINA	-		0	-	Yes	
COLOMBIA	146,964		146,964	2002(p)	Yes	
COMOROS	133,992	-	133,992	1986(p)-2002	No	132,190
CONGO	108,698		108,698	1989(p)-2002	No	103,020
COSTA RICA	98,667	-	98,667	1994(p)-2002	No	49,800
COTE D'IVOIRE	24,638	-	24,638	2000(p)-2002	Yes	
CROATIA	-	-	0	-	Yes	
CUBA	19,245		19,245	2002(p)	Yes	
CYPRUS	-	-	0	-	Yes	
CZECH REPUBLIC	-	-	0	-	Yes	
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	21,724		21,724	2001(p)-2002	Yes	

Country	Outstanding assessed contributions	WCF	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
DEMOCRATIC REPUBLIC OF THE CONGO	118,546		118,546	1989(p)-2002	**No**	102,450
DENMARK	-	-	0	-	Yes	
DJIBOUTI	92,898	-	92,898	1991(p)-2002	**No**	91,090
DOMINICA	1,085	-	1,085	2001(p)-2002	Yes	
DOMINICAN REPUBLIC	329,813	2,198	332,011	1986(p)-2002	**No**	283,050
ECUADOR	-	-	0	-	Yes	
EGYPT	-	-	0	-	Yes	
EL SALVADOR	158,997	1,838	160,835	1988(p)-2002	**No**	121,050
EQUATORIAL GUINEA	133,992	-	133,992	1986(p)-2002	**No**	132,190
ERITREA	47	-	47	2002(p)	Yes	
ETHIOPIA	-	-	0	-	Yes	
FIJI	-	-	0	-	Yes	
FINLAND	-		0	-	Yes	
FRANCE	-	-	0	-	Yes	
GABON	25,929		25,929	2001(p)-2002	Yes	
GAMBIA	75,377	-	75,377	1992(p)-2002	**No**	73,570
GEORGIA	1,594,398		1,594,398	1992(p)-2002	**No**	1,576,970
GERMANY	-		0	-	Yes	
GHANA	14,589		14,589	2000(p)-2002	Yes	
GREECE	-	-	0	-	Yes	
GRENADA	87,276	-	87,276	1991(p)-2002	**No**	85,470
GUATEMALA	-	-	0	-	Yes	
GUINEA	18,913	-	18,913	1998(p)-2002	**No**	11,230
GUINEA-BISSAU	116,123	-	116,123	1988(p)-2002	**No**	114,320
GUYANA	1,223	-	1,223	2001(p)-2002	Yes	
HAITI	1,938	-	1,938	2002(p)	Yes	
HONDURAS	-	-	0	-	Yes	
HUNGARY	-	-	0	-	Yes	
INDIA	-		0	-	Yes	
INDONESIA	-	-	0	-	Yes	
IRAN (ISLAMIC REPUBLIC OF)	423,255		423,255	2000(p)-2002	Yes	
IRAQ	1,573,536	7,274	1,580,810	1991(p)-2002	**No**	1,428,060
IRELAND	-	-	0	-	Yes	
ISRAEL	-	-	0	-	Yes	
ITALY	-	-	0	-	Yes	
JAMAICA	8,303		8,303	2001(p)-2002	Yes	
JAPAN	-		0	-	Yes	
JORDAN	-	-	0	-	Yes	
KAZAKHSTAN	572,565		572,565	1997(p)-2002	**No**	454,690
KENYA	15,591	75	15,666	2000(p)-2002	Yes	
KUWAIT	-	-	0	-	Yes	
KYRGYZSTAN	375,111		375,111	1993(p)-2002	**No**	362,980
LAO PEOPLE'S DEMOCRATIC REPUBLIC	-	-	0	-	Yes	
LEBANON	9,944		9,944	2002(p)	Yes	
LESOTHO	-	-	0	-	Yes	
LIBERIA	105,319		105,319	1990(p)-2002	**No**	100,930

Country	Outstanding assessed contributions	WCF	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
LIBYAN ARAB JAMAHIRIYA	132,253		132,253	2001(p)-2002	Yes	
LITHUANIA	419,152	-	419,152	1995(p)-2002	**No**	375,540
LUXEMBOURG	-	-	0	-	Yes	
MADAGASCAR	2,605	-	2,605	2002(p)	Yes	
MALAWI	36,213	-	36,213	1996(p)-2002	**No**	30,490
MALAYSIA	-	-	0	-	Yes	
MALDIVES	1,689	-	1,689	2000(p)-2002	Yes	
MALI	17,180	-	17,180	1998(p)-2002	**No**	11,460
MALTA	-	-	0	-	Yes	
MAURITANIA	113,317	-	113,317	1988(p)-2002	**No**	111,510
MAURITIUS	-	-	0	-	Yes	
MEXICO	-	-	0	-	Yes	
MONGOLIA	520		520	2002(p)	Yes	
MOROCCO	-	-	0	-	Yes	
MOZAMBIQUE	-	-	0	-	Yes	
MYANMAR	14,997		14,997	2000(p)-2002	Yes	
NAMIBIA	6,684	-	6,684	2002	Yes	
NEPAL	-	-	0	-	Yes	
NETHERLANDS	-	-	0	-	Yes	
NEW ZEALAND	-	-	0	-	Yes	
NICARAGUA	133,978	-	133,978	1986(p)-2002	**No**	132,170
NIGER	95,491		95,491	1991(p)-2002	**No**	91,110
NIGERIA	49,547		49,547	2002(p)	Yes	
NORWAY	-	-	0	-	Yes	
OMAN	-	-	0	-	Yes	
PAKISTAN	46,459	-	46,459	2002(p)	Yes	
PANAMA	-	-	0	-	Yes	
PAPUA NEW GUINEA	-	-	0	-	Yes	
PARAGUAY	49,014	803	49,817	1998(p)-2002	**No**	8,160
PERU	189,729		189,729	2001(p)-2002	Yes	
PHILIPPINES	11,898		11,898	2002(p)	Yes	
POLAND	-	-	0	-	Yes	
PORTUGAL	-	-	0	-	Yes	
QATAR	35,190		35,190	2001(p)-2002	Yes	
REPUBLIC OF KOREA	-	-	0	-	Yes	
REPUBLIC OF MOLDOVA	870,888		870,888	1993(p)-2002	**No**	849,680
ROMANIA	-	-	0	-	Yes	
RUSSIAN FEDERATION	-	-	0	-	Yes	
RWANDA	8,598	-	8,598	1999(p)-2002	**No**	6,790
SAINT KITTS AND NEVIS	-		0	-	Yes	
SAINT LUCIA	-		0	-	Yes	
SAINT VINCENT AND THE GRENADINES	110,283	-	110,283	1989(p)-2002	**No**	108,480
SAO TOME AND PRINCIPE	133,992	-	133,992	1986(p)-2002	**No**	132,190
SAUDI ARABIA	-	-	0	-	Yes	
SENEGAL	4,428		4,428	2002(p)	Yes	
SEYCHELLES	43,847	-	43,847	1995(p)-2002	**No**	38,120
SIERRA LEONE	87,683	-	87,683	1991(p)-2002	**No**	85,870

Country	Outstanding assessed contributions	WCF	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
SLOVAKIA	-	-	0	-	Yes	
SLOVENIA	257,917	1,855	259,772	1999(p)-2002	**No**	69,920
SOMALIA	133,991	-	133,991	1986(p)-2002	**No**	132,190
SOUTH AFRICA	-	-	0	-	Yes	
SPAIN	-		0	-	Yes	
SRI LANKA	336	-	336	2002(p)	Yes	
SUDAN	-		0	-	Yes	
SURINAME	39,550		39,550	1996(p)-2002	**No**	29,960
SWAZILAND	-	-	0	-	Yes	
SWEDEN	-	-	0	-	Yes	
SWITZERLAND	-		0	-	Yes	
SYRIAN ARAB REPUBLIC	-	-	0	-	Yes	
TAJIKISTAN	276,738		276,738	1993(p)-2002	**No**	268,480
THAILAND	93,391	-	93,391	2002(p)	Yes	
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	5,501	-	5,501	2001(p)-2002	Yes	
TOGO	71,810	-	71,810	1993(p)-2002	**No**	70,010
TONGA	1,238	-	1,238	2001(p)-2002	Yes	
TRINIDAD AND TOBAGO	-	-	0	-	Yes	
TUNISIA	1,101	-	1,101	2002(p)	Yes	
TURKEY	-		0	-	Yes	
TURKMENISTAN	204,966	297	205,263	1995-2002	**No**	191,130
UGANDA	-	-	0	-	Yes	
UKRAINE	7,692,010		7,692,010	1995(p)-2002	[c]	Payment plan
UNITED ARAB EMIRATES	-	-	0	-	Yes	
UNITED KINGDOM	-	-	0	-	Yes	
UNITED REPUBLIC OF TANZANIA	3,377	-	3,377	2001(p)-2002	Yes	
URUGUAY	131,814		131,814	2000(p)-2002	Yes	
UZBEKISTAN	459,359		459,359	1997(p)-2002	**No**	401,740
VANUATU	77,679	-	77,679	1992(p)-2002	**No**	75,880
VENEZUELA	146,279	-	146,279	2002(p)	Yes	
VIET NAM	-	-	0	-	Yes	
YEMEN	-	-	0	-	Yes	
YUGOSLAVIA (new)	-	-	0	-	Yes	
ZAMBIA	53,563	-	53,563	1994(p)-2002	**No**	47,840
ZIMBABWE	-	-	0	-	Yes	
Subtotal	**40,057,653**	**76,029**	**40,133,682**			21,684,630
YUGOSLAVIA (former)	2,081,816		2,081,816	1990(p)-2001	[d]	
Non-Member:	-					
UNITED STATES OF AMERICA[e]	69,264,731	0	69,264,731	1994(p)-1996		
TOTAL	**111,404,200**	**76,029**	**111,480,229**			**21,684,630**

Summary of outstanding assessed contributions by year	**EUROS**
1986/87	103,890
1988/89	192,280
1990/91	1,295,810
1992/93	2,158,448
1994/95	47,201,824
1996/97	40,325,615
1998/99	8,902,098
2000/01	6,576,722
Subtotal	106,756,722
2002	4,647,757
TOTAL	**111,404,200**

Notes:

(p)Refers to partial payment.

[a]Voting rights of 50 Member States have been suspended in accordance with Article 5.2 of the Constitution of UNIDO.

[b]In decision IDB.26/Dec.4, the Industrial Development Board approved a payment plan for Azerbaijan.

[c]In decision GC.9/Dec.12, the General Conference approved a payment plan for Ukraine, and also restored the voting rights of Ukraine in accordance with Article 5.2 of the Constitution.

[d]Outstanding contribution to be resolved.

[e]Member State of UNIDO until 31 December 1996.

Annex II

STATUS OF ASSESSED CONTRIBUTIONS TO THE REGULAR BUDGET

as at 28 February 2003 (in euros)

Country	Outstanding assessed contributions	WCF 2003	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
AFGHANISTAN	90,134	446	90,580	1992(p)-2003	**No**	74,780
ALBANIA	7,012	-	7,012	2001(p)-2003	Yes	
ALGERIA	61,014		61,014	2003(p)	Yes	
ANGOLA	1,826	-	1,826	2003(p)	Yes	
ARGENTINA	4,638,854		4,638,854	1999(p)-2003	**No**	1,482,950
ARMENIA	914,760		914,760	1992(p)-2003	**No**	905,090
AUSTRIA	881,058		881,058	2003(p)	Yes	
AZERBAIJAN	1,142,395		1,142,395	1994(p)-2003	**No**[b]	1,125,540
BAHAMAS	-		0	-	Yes	
BAHRAIN	506		506	2003(p)	Yes	
BANGLADESH	-		0	-	Yes	
BARBADOS	7,793		7,793	2003(p)	Yes	
BELARUS	523,005		523,005	1998(p)-2003	**No**	434,190
BELGIUM	1,037,335		1,037,335	2003(p)	Yes	
BELIZE	562	-	562	2003(p)	Yes	
BENIN	7,076	-	7,076	2000(p)-2003	**No**	1,280
BHUTAN	-	-	0	-	Yes	
BOLIVIA	14,666		14,666	2002(p)-2003	Yes	
BOSNIA AND HERZEGOVINA	3,392	-	3,392	2002(p)-2003	Yes	
BOTSWANA	7,425	-	7,425	2003(p)	Yes	
BRAZIL	16,554,949	81,251	16,636,200	1995(p)-2003	**No**	11,145,330
BULGARIA	10,909	-	10,909	2003(p)	Yes	
BURKINA FASO	3,026	-	3,026	2002(p)-2003	Yes	
BURUNDI	66,368	-	66,368	1993(p)-2003	**No**	64,540
CAMBODIA	4,010	73	4,083	2002(p)-2003	Yes	
CAMEROON	-	-	0	-	Yes	
CAPE VERDE	96,115	-	96,115	1991(p)-2003	**No**	93,000
CENTRAL AFRICAN REPUBLIC	111,478	-	111,478	1989(p)-2003	**No**	109,650
CHAD	94,585	-	94,585	1991(p)-2003	**No**	92,750
CHILE	354,661	1,028	355,689	2002(p)-2003	Yes	
CHINA	1,379,051		1,379,051	2003(p)	Yes	
COLOMBIA	330,788	1,459	332,247	2002(p)-2003	Yes	
COMOROS	134,657	-	134,657	1986(p)-2003	**No**	132,830
CONGO	109,354	-	109,354	1989(p)-2003	**No**	105,590
COSTA RICA	116,643	-	116,643	1994(p)-2003	**No**	65,210
COTE D'IVOIRE	32,514	-	32,514	2000(p)-2003	**No**	8,230
CROATIA	25,897	-	25,897	2003(p)	Yes	
CUBA	45,917	-	45,917	2002(p)-2003	Yes	
CYPRUS	35,174	-	35,174	2003(p)	Yes	
CZECH REPUBLIC	-	-	0	-	Yes	

Country	Outstanding assessed contributions	WCF 2003	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
DEMOCRATIC PEOPLE'S REPUBLIC OF KOREA	4,279	-	4,279	2003(p)	Yes	
DEMOCRATIC REPUBLIC OF THE CONGO	121,858	-	121,858	1989(p)-2003	**No**	108,870
DENMARK	-	-	0	-	Yes	
DJIBOUTI	93,563	-	93,563	1991(p)-2003	**No**	91,730
DOMINICA	1,734	-	1,734	2001(p)-2003	Yes	
DOMINICAN REPUBLIC	350,535	2,132	352,667	1986(p)-2003	**No**	297,180
ECUADOR			0	-	Yes	
EGYPT	71,745	-	71,745	2003(p)	Yes	
EL SALVADOR	175,708	1,784	177,492	1988-2003	**No**	132,610
EQUATORIAL GUINEA	134,657	-	134,657	1986(p)-2003	**No**	132,830
ERITREA	639	-	639	2003(p)	Yes	
ETHIOPIA	-		0	-	Yes	
FIJI	-		0	-	Yes	
FINLAND	-		0	-	Yes	
FRANCE	-		0	-	Yes	
GABON	38,458	-	38,458	2001(p)-2003	Yes	
GAMBIA	76,042	-	76,042	1992(p)-2003	**No**	74,210
GEORGIA	1,599,047	-	1,599,047	1992(p)-2003	**No**	1,583,390
GERMANY	4,500,573		4,500,573	2003(p)	Yes	
GHANA	19,150	-	19,150	2000(p)-2003	**No**	3,490
GREECE	499,420		499,420	2003(p)	Yes	
GRENADA	76,959	-	76,959	1992(p)-2003	**No**	75,130
GUATEMALA	24,652	-	24,652	2003(p)	Yes	
GUINEA	21,560	-	21,560	1998(p)-2003	**No**	13,780
GUINEA-BISSAU	116,788	-	116,788	1988(p)-2003	**No**	114,960
GUYANA	1,800	-	1,800	2001(p)-2003	Yes	
HAITI	3,817	-	3,817	2002(p)-2003	Yes	
HONDURAS	-	-	0	0	Yes	
HUNGARY	-	-	0	0	Yes	
INDIA	268,819		268,819	2003(p)	Yes	
INDONESIA	179,138		179,138	2003(p)	Yes	
IRAN (ISLAMIC REPUBLIC OF)	610,996	-	610,996	2001(p)-2003	Yes	
IRAQ	1,697,868	10,696	1,708,564	1991(p)-2003	**No**	1,461,810
IRELAND	271,970		271,970	2003(p)	Yes	
ISRAEL	372,444		372,444	2003(p)	Yes	
ITALY	4,700,434		4,700,434	2003(p)	Yes	
JAMAICA	11,530	-	11,530	2001(p)-2003	Yes	
JAPAN	-	-	0	-	Yes	
JORDAN	7,167	-	7,167	2003(p)	Yes	
KAZAKHSTAN	598,014		598,014	1997(p)-2003	**No**	500,210
KENYA	22,901		22,901	2000(p)-2003	**No**	1,890
KUWAIT	130,392		130,392	2003(p)	Yes	
KYRGYZSTAN	375,752	-	375,752	1993(p)-2003	**No**	368,760
LAO PEOPLE'S DEMOCRATIC REPUBLIC	-	-	0	-	Yes	
LEBANON	20,479	-	20,479	2002(p)-2003	Yes	

Country	Outstanding assessed contributions	WCF 2003	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
LESOTHO	571	-	571	2003(p)	Yes	
LIBERIA	105,978	-	105,978	1990(p)-2003	**No**	102,860
LIBYAN ARAB JAMAHIRIYA	190,543	-	190,543	2001(p)-2003	Yes	
LITHUANIA	434,241	-	434,241	1995(p)-2003	**No**	389,450
LUXEMBOURG	73,672		73,672	2003(p)	Yes	
MADAGASCAR	5,158		5,158	2002(p)-2003	Yes	
MALAWI	38,194		38,194	1996(p)-2003	**No**	32,400
MALAYSIA	195,707		195,707	2003(p)	Yes	
MALDIVES	577		577	2003(p)	Yes	
MALI	19,136		19,136	1998(p)-2003	**No**	13,340
MALTA	-	-	0	-	Yes	
MAURITANIA	113,982		113,982	1988(p)-2003	**No**	112,150
MAURITIUS	9,776		9,776	2003(p)	Yes	
MEXICO	957,261		957,261	2003(p)	Yes	
MONGOLIA	1,065		1,065	2002(p)-2003	Yes	
MOROCCO	38,976		38,976	2003(p)	Yes	
MOZAMBIQUE	561	-	561	2003(p)	Yes	
MYANMAR	21,557	-	21,557	2000(p)-2003	**No**	600
NAMIBIA	-	-	0	-	Yes	
NEPAL	3,226	-	3,226	2003(p)	Yes	
NETHERLANDS	-	-	0	-	Yes	
NEW ZEALAND	-	-	0	-	Yes	
NICARAGUA	134,643	-	134,643	1986(p)-2003	**No**	132,810
NIGER	96,150	-	96,150	1991(p)-2003	**No**	93,030
NIGERIA	111,356	-	111,356	2002(p)-2003	Yes	
NORWAY	593,373		593,373	2003(p)	Yes	
OMAN	-	-	0	-	Yes	
PAKISTAN	100,609		100,609	2002(p)-2003	Yes	
PANAMA	11,910	-	11,910	2003(p)	Yes	
PAPUA NEW GUINEA	5,241	-	5,241	2003(p)	Yes	
PARAGUAY	63,720	682	64,402	1998(p)-2003	**No**	21,590
PERU	296,101		296,101	2001(p)-2003	Yes	
PHILIPPINES	101,621		101,621	2002(p)-2003	Yes	
POLAND	218,926	-	218,926	2003(p)	Yes	
PORTUGAL	431,083		431,083	2003(p)	Yes	
QATAR	65,292		65,292	2001(p)-2003	Yes	
REPUBLIC OF KOREA	1,669,168		1,669,168	2003(p)	Yes	
REPUBLIC OF MOLDOVA	872,848		872,848	1993(p)-2003	**No**	859,310
ROMANIA	50,631		50,631	2003(p)	Yes	
RUSSIAN FEDERATION	-	-	0	-	Yes	
RWANDA	9,263	-	9,263	1999(p)-2003	**No**	7,430
SAINT KITTS AND NEVIS	-	-	0	-	Yes	
SAINT LUCIA	1,914	-	1,914	2003(p)	Yes	
SAINT VINCENT AND THE GRENADINES	110,948	-	110,948	1989(p)-2003	**No**	109,120
SAO TOME AND PRINCIPE	134,657	-	134,657	1986(p)-2003	**No**	132,830
SAUDI ARABIA	486,429		486,429	2003(p)	Yes	
SENEGAL	8,982	-	8,982	2002(p)-2003	Yes	

Country	Outstanding assessed contributions	WCF 2003	Total due	Years	Voting rights[a]	Minimum payment to gain voting rights
SERBIA AND MONTENEGRO[c]	18,049	-	18,049	2003(p)	Yes	
SEYCHELLES	45,828	-	45,828	1995(p)-2003	**No**	40,030
SIERRA LEONE	88,348	-	88,348	1991(p)-2003	**No**	86,520
SLOVAKIA	-	-	0	-	Yes	
SLOVENIA	331,781	1,229	333,010	1999(p)-2003	**No**	127,360
SOMALIA	134,656	-	134,656	1986(p)-2003	**No**	132,830
SOUTH AFRICA	371,241		371,241	2003(p)	Yes	
SPAIN	2,319,399		2,319,399	2003(p)	Yes	
SRI LANKA	14,862		14,862	2002(p)-2003	Yes	
SUDAN	4,615	-	4,615	2003(p)	Yes	
SURINAME	41,522	-	41,522	1996(p)-2003	**No**	33,790
SWAZILAND	-	-	0	-	Yes	
SWEDEN	-		0	0	Yes	
SWITZERLAND	-		0	-	Yes	
SYRIAN ARAB REPUBLIC	70,953		70,953	2003(p)	Yes	
TAJIKISTAN	277,388	-	277,388	1993(p)-2003	**No**	272,330
THAILAND	362,107	1,662	363,769	2002(p)-2003	Yes	
THE FORMER YUGOSLAV REPUBLIC OF MACEDONIA	10,725		10,725	2001(p)-2003	Yes	
TOGO	72,475	-	72,475	1993(p)-2003	**No**	70,640
TONGA	-		0	-	Yes	
TRINIDAD AND TOBAGO	14,457	-	14,457	2003(p)	Yes	
TUNISIA	27,622		27,622	2002(p)-2003	Yes	
TURKEY	409,733		409,733	2003(p)	Yes	
TURKMENISTAN	207,640	270	207,910	1995(p)-2003	**No**	196,900
UGANDA	-	-	0	-	Yes	
UKRAINE	7,737,629	-	7,737,629	1995(p)-2003	[d]	Payment plan
UNITED ARAB EMIRATES	162,210		162,210	2003(p)	Yes	
UNITED KINGDOM	-		0	-	Yes	
UNITED REPUBLIC OF TANZANIA	6,707	-	6,707	2001(p)-2003	Yes	
URUGUAY	199,915		199,915	2000(p)-2003	**No**	7,200
UZBEKISTAN	469,275	-	469,275	1997(p)-2003	**No**	425,500
VANUATU	78,344	-	78,344	1992(p)-2003	**No**	76,510
VENEZUELA	328,131		328,131	2002(p)-2003	Yes	
VIET NAM	-	-	0	-	Yes	
YEMEN	5,563		5,563	2003(p)	Yes	
ZAMBIA	55,544	-	55,544	1994(p)-2003	**No**	49,750
ZIMBABWE	7,226	-	7,226	2003(p)	Yes	
Subtotal	**67,704,788**	**102,712**	**67,807,500**			24,328,090
YUGOSLAVIA (former)	2,081,702		2,081,702	1990(p)-2001	[e]	
Non-Member:						
UNITED STATES OF AMERICA[f]	69,228,235		69,228,235	1994(p)-1996		
TOTAL	**139,014,725**	**102,712**	**139,117,437**			**24,328,090**

Summary of outstanding assessed contributions by year	**EUROS**
1986/87	103,875
1988/89	192,229
1990/91	1,292,492
1992/93	2,089,698
1994/95	47,057,488
1996/97	40,298,834
1998/99	8,878,997
2000/01	6,480,423
2002	4,615,654
Subtotal	111,009,690
2003	28,005,035
TOTAL	**139,014,725**

Notes:

Members of the PBC without voting rights: Argentina and Côte d'Ivoire.

(p)Refers to partial payment.

[a]Voting rights of 55 Member States have been suspended in accordance with Article 5.2 of the Constitution of UNIDO.

[b]In decision IDB.26/Dec.4, the Industrial Development Board approved a payment plan for Azerbaijan.

[c]The name of the State of the Federal Republic of Yugoslavia was changed to "Serbia and Montenegro" on 4 February 2003.

[d]In decision GC.9/Dec.12, the General Conference approved a payment plan for Ukraine, and also restored the voting rights of Ukraine in accordance with Article 5.2 of the Constitution.

[e]Outstanding contribution to be resolved.

[f]Member State of UNIDO until 31 December 1996.

Annex III

INCENTIVE AND DISINCENTIVE SCHEMES IN OTHER UNITED NATIONS ORGANIZATIONS[a]

A. Incentive schemes

	Nature of scheme	Conditions of introduction	Main characteristics	Experience
ILO	Distribution to contributors of a proportion of interest and of currency forward-purchase premium earnings.	Introduced effective 1 January 1989 for experimental period of two years and continued on a permanent basis as from 1 January 1991.	(i) (a) 60 per cent of interest earned on temporarily surplus regular budget funds; ***plus*** (b) 50 per cent of net premium earned on forward purchase of US dollar requirements; (ii) Eligibility depends on Member State's being fully paid up at end of each year; (iii) *S-curve*.	Experience to date does not show any perceptible difference in collection performance.
FAO	Allocation among Member Nations of the interest income element of any cash surplus, on a weighted basis, in accordance with the amount and the timing of payment of contributions during the financial period. Discount to be credited to Member Nations for payment by 31 March of assessed contributions.	Introduced effective 1 January 1988, without time limit on applicability. Experimental test introduced effective 1 January 1993.	Applies to all interest earnings forming a part of a cash surplus. All Member Nations paying a contribution during the financial period are eligible to share in the allocation, regardless of whether the contribution paid is against arrears or current assessments, and irrespective of the status of outstanding assessments of the Member Nations at the end of the financial period. Detailed measures for the calculation of allocations have not yet been formalized. To be applied to assessed contribution of Member Nations which meet the following criteria: Payment of full assessment to 31 March, and no arrears outstanding.	In the absence of cash surpluses, Member Nations have had no real incentive under the scheme so far. Experience to date has shown little impact on the rate of receipt of contributions.
UNESCO	Distribution to Member States in accordance with timing and amounts of contributions paid of budget surpluses and all miscellaneous income except UNDP support costs.	After an initial period from 1988 to 1995, the scheme was prolonged for a further six years from 1 January 1996.	Resources consist of budget surpluses and miscellaneous income except UNDP support costs. These are distributed in accordance with the *S-curve* system to Member States that have paid their contributions in full for each year of the financial period concerned. The appropriate share of each eligible Member State is deducted from the contribution assessed on it for the second year of the subsequent financial period.	There has been little or no real incentive under the scheme in recent years. It is for that reason that the General Conference in 1995 decided to add new resources to make the scheme more attractive.
ICAO	Distribution of interest earnings.	Introduced effective 1 January 1987 for an indefinite period. First distribution 1 January 1990.	Bank interest earned on regular programme funds is distributed according to the *S-curve* formula, to Member States that have paid all or part of their contributions for the three years preceding the Assembly, and according to shares of undistributed surpluses accrued from previous years' budgets, to eligible Member States that have paid their contributions in full.	The incentive scheme has not influenced a large number of States to pay their assessed contributions in full and on time. There has been no significant change in the receipt of timely contributions.

[a] Information obtained from an updated draft under preparation by the Secretariat of the Chief Executives Board for Coordination, Geneva, Switzerland and dated 10 March 2003.

	Nature of scheme	Conditions of introduction	Main characteristics	Experience
WHO	Distribution of interest earnings to contributors.	Introduced with effect from contribution payment record for 1989, for distribution as from the budget for 1992-1993; new scheme introduced with effect from 2002.	Member States are credited with a financial incentive if they make full payment of their assessed contributions within the grace period, which is currently up to 30 April in the year payment is due. The incentive is calculated as a discount equivalent to interest calculated at 3 months LIBID for the period from the date of payment until the end of the grace period.	No positive evidence that the scheme in either its new or previous form has any effect on the promptness of payment of contributions.
UPU	Rescheduling of debts.	Resolution C 61 of the 1989 Washington Universal Postal Congress.	Negotiation of special agreements with countries with substantial arrears, bearing in mind the latters' economic situation and the Union's interests. The debts of countries which have concluded such an agreement are transferred to a special account on which no interest is payable for the reimbursement period.	As at 31 December 2002, 33 countries were benefiting from this procedure.
WMO	Distribution of interest to contributors.	Introduced effective 1 January 1988 and extended by Thirteenth Congress in May 1999 for a further period of four years from 2000-2003.	Incentive scheme will apply to that part of the cash surplus for the financial period (four years) which represents interest credited to the General Fund, other than interest earned on the Working Capital Fund. Points are calculated by *S-curve* formula taking account of any current year's contribution paid, and the date of payment. *Note*: Full payment for current year is not a condition for earning points.	There is no positive evidence that the scheme has had any effect on the promptness of payment of contributions.
IMO	Distribution of interest earnings to Member States for the payment of current year's contributions.	Interest earnings have been distributed to Member States as and when cash surpluses were available. Member States are encouraged by the Council to donate their accrued interests on the contribution incentive scheme to the Organization's technical assistance programme for developing countries. To date, many Member States have contributed their accrued interest earnings to the Organization's Technical Cooperation Fund.	Incentive points are awarded in accordance with the formula which relates the date of payment towards current year's contribution to the number of incentive points. The rules provide for the distribution of interest earnings to be made in the second year after the year for which incentive points are allocated, if there is a sufficient cash surplus in that year. If the cash surplus is not sufficient, distribution is made from the first cash surplus arising in subsequent year. The allocation is to be used first to meet any outstanding arrears of contributions of a Member. Subject to the Council's encouragement of the donation of funds to technical cooperation, the surplus allocation is used to reduce the contribution of a Member in the year when the allocation was made.	The scheme does not itself appear to have influenced the pattern of payment of Member States. However, the presence of Rules 56 *bis* and *ter* have certainly encouraged payment (see penalty section).
IAEA	Availability of share in cash surplus; and Payment plans of up to 5 years	In practice since 1959. Statutory stipulation (as amended up to December 1989).	Shares become available once contribution payments for the year to which the surplus relates are received. Immediate restoration of voting rights.	

B. Penalty (disincentive) schemes

	Nature of scheme	Conditions of introduction	Main characteristics	Experience
UPU	Charges of interest on late payments. Loss of the right to vote (Councils and Congress) and non-eligibility for membership of Councils.	Introduced by the Eighth Universal Postal Congress, Stockholm, 1924. Introduced by the Beijing Postal Congress 1999.	The annual contributory shares are payable in advance. The amounts due bear interest from the beginning of each financial year at 3 per cent per annum during the first six months and at 6 per cent per annum from the beginning of the seventh month. Interest of 5 per cent from the seventh month after the date of shipment on invoices for publications and other supplies. If the arrears of mandatory contributions are equal or more than the amount of the contributions for the preceding two financial years, the member country is subject to the loss of its voting right, unless an amortization schedule is signed or another solution found.	As at 31 December 2002, 17 members were without voting rights.
ITU	Charges of interest on late payments. Loss of the right to vote.	Since the inception of ITU; included in the International Telecommunication Convention since 1973.	The annual contributory shares are payable in advance. The amounts due bear interest from the beginning of each financial year at 3 per cent per annum during the first six months and at 6 per cent per annum from the beginning of the seventh month. A Member which is in arrears loses its right to vote for as long as the amount of its arrears equals or exceeds the amount of the contribution due from it for the preceding two years.	The total current year's contributions received by the end of the first six months has been 85 to 93 per cent and over 91 per cent in most years.
WMO	Loss of voting rights. Non-eligibility for nomination or renomination to elected offices and for membership of the Executive Council. Suspension of free quota of publications.	Resolution 37 adopted by Eleventh Congress in 1991.	Applicable to those Members who, through non-payment of their contributions are in arrears for more than two consecutive calendar years. Sanctions take effect at the beginning of third year. Resolution 37 may be suspended when a formal repayment agreement has been concluded (and provided that the provisions are adhered to), for the settlement of arrears over a period not exceeding 10 years, in addition to the payment of the current contribution in full.	As at 1 January 2003, 44 Members had lost their voting rights and six Members had complied with their signed repayment agreements.
IMO	Loss of voting right, unless waiver is requested.	Rules 56 *bis* and *ter*, adopted Nov.1991 and applied in 1993.	Rule 56 *bis* sets out in detail the procedure by which Members may request a waiver, i.e. by submitting a written application with reasons for non-payment and a payment schedule. Rule 56 *ter* states that any Member seeking election to the IMO Council should have discharged its financial obligations or have committed itself to a schedule to do so.	
IAEA	Penalty: Loss of voting rights.	Statutory stipulation (as amended up to December 1980).	If regular budget arrears exceed the total amount payable for the proceeding two years.	